Board Packet List of Documents

Board of Trustees Meeting
September 14, 2026

- Meeting Agenda
- Reports by Staff
    2. ERS Operations Report – Aug 2026
    3. Program Support Staff Report
- New Business
    1. Update of 2026 Board of Trustees Election of Officers and Committee Assignments
    2.1 Revisions to the Governance Policy Committee Charter
    2.3 Trustee Education and Travel Policy
    2.3.1 Trustee Travel FY25 & FY26
    2.3.2 SPO Travel Guidelines and Procedures
    3.1 Compliance Support Staff Update
    3.2 Internal Audit Update Report by KMH LLP
    5.1 Potential ERS Legislation to Exempt from Civil Service the Information Technology Band D Position (Information Services Branch Manager)
    6.1 Total Fund Performance Review for Period Ending June 30, 2026
    6.2 2026 Asset Liability Study Education: Update
    6.3 Rotating Alternative Asset Class Review: Private Credit Portfolio Review for Period Ending March 31, 2026
    6.4 Education: Systematic Trend Benchmark Review & Approval
- APPROVAL OF MINUTES – July 13, 2026

Board Packet Documents are available for public for inspection on the Employees' Retirement System's Website: https://ers.ehawaii.gov/board-and-committee-agendas-and-meeting-packets; and in the Employees' Retirement System's Office, 201 Merchant Street, Suite 1400, Honolulu, HI 96813

NOTICE OF REGULAR MEETING

AGENCY: Board of Trustees of the Employees' Retirement System of the State of Hawaii

DATE: Monday, September 14, 2026; 10:00 a.m.

PLACE: City Financial Tower, 201 Merchant Street, Suite 1200, Honolulu, Hawaii 96813

The meeting will be conducted pursuant to HRS §92-3.7, under which Members of the Board of Trustees and members of the public may participate via interactive conference technology or in person at the meeting place stated above.

Members of the public may provide testimony in person or by teleconference, either audio or video, at the following link or phone number:
https://teams.microsoft.com/meet/229642490810132?p=qqWPQOcy3IsWbqB82g
Or join by entering meeting ID: 229 642 490 810 132 Passcode: pZ6sq2PA

Individuals testifying at the meeting are requested to limit their testimony to three (3) minutes or an amount of time otherwise designated by the Chairperson.

Or +1 808-829-4853 United States, Honolulu (Toll)
Conference ID: 442 422 338#

In the event audiovisual communication cannot be maintained with participating Trustees and quorum is lost, the meeting shall be automatically recessed for up to 30 minutes, during which time, an attempt to restore audiovisual communication will be made. If such attempt is unsuccessful, all Trustees, members of the public, staff and other interested individuals may continue to participate in the meeting via telephone using the above-listed telephone and conference ID numbers, whereby audio-only communication will be established for all participants and the meeting will continue. If reconvening the meeting is not possible because neither audiovisual nor audio-only communication can be re-established, the meeting will be terminated.

AGENDA

QUORUM/CALL TO ORDER

PUBLIC COMMENT

Members of the public may provide in-person testimony at the meeting, or, alternatively, may submit written testimony in advance on these agenda items via e-mail or postal mail with receipt recommended by 4:30 p.m. on Friday, September 11, 2026, in order to ensure it is distributed in time for consideration. Please address written testimony if by e-mail to: dale.kanae@hawaii.gov or by postal mail to: Employees' Retirement System of the State of Hawaii, Board of Trustees, 201 Merchant Street, Suite 1400, Honolulu, HI 96813.

REPORTS BY STAFF

1. Executive Director's Report on the Administration of the System with Respect to Significant Developments in Investments, Policy, Potential Legislation, and Regulatory Matters.

2. Deputy Executive Director's Report on the Operations of the System with Respect to Issues Affecting Member Services, Accounting, and Information Systems.

3. Program Support Staff Report on General Duties, Current and Future Projects, Goals, and Achievements.

Pursuant to HRS §92-5(a)(4), the Board of Trustees may enter into Executive Session to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities with respect to these matters.

<u>NEW BUSINESS</u>

1. Update of 2026 Board of Trustees Election of Officers and Committee Assignments.
2. Report of Activity by the Governance Policy Committee.
   - 2.1. Review and Approve Revisions to the Governance Policy Committee Charter
   - 2.2. Discuss Governance Oversight Structure and Policies Needed in Committee Functional Oversight Areas.
   - 2.3. Discuss Procedure and Policy for Board Education and Travel.
   - 2.4. Discuss Proposed Legislation to Exempt from HRS Chapter 76 Civil Service the Employees' Retirement System's Information Technology Band D Position (Information Systems Branch Manager) for Submittal to Budget and Finance as a Part of the Administrative Package for the 2027 Legislative Session.
3. Report of Activity by the Administrative & Audit Committee.
   - 3.1. Compliance Office Update on Enterprise Governance, Risk, and Modernization Project.
   - 3.2. Internal Audit Update Report by KMH LLP on the Current Status of Activities Completed During July and August 2026, and an Update on the Completion Status of Management Action Plans for Past Non-Information Technology Internal Audit Observations and Recommendations.
4. Report of Activity by the Human Resources Committee.
   - 4.1. Review the Activities and Timeline of the Human Resources Committee.
   - 4.2. Discuss Leadership Succession Plans of the Employees' Retirement System.
   - 4.3. Discuss the Status of the Recruitment Process for a New Chief Investment Officer.
   - 4.4. Discuss Proposed Plan to Implement Act 149, Session Laws of Hawaii 2026 (SB 3097, SD1, HD1, CD1), "Relating to the Exemption from Civil Service of Executive Personnel of the Employees' Retirement System," as it Pertains to Recruitment, Qualifications and Requirements, and Proposed Salary Recommendation for the Information Security Officer Position.
   - 4.5. Discuss Proposed Plan to Implement Act 149, Session Laws of Hawaii 2026 (SB 3097, SD1, HD1, CD1), "Relating to the Exemption from Civil Service of Executive Personnel of the Employees' Retirement System," as it Pertains to Recruitment, Qualifications and Requirements, and Proposed Salary Recommendation for the Deputy Executive Director Position.
   - 4.6. Discuss Proposed Plan to Implement Act 149, Session Laws of Hawaii 2026 (SB 3097, SD1, HD1, CD1), "Relating to the Exemption from Civil Service of Executive Personnel of the Employees' Retirement System," as it Pertains to Recruitment, Qualifications and Requirements, and Proposed Salary Recommendation for the Chief Compliance Officer Position.
   - 4.7. Discuss Proposed Plan to the Exemption from HRS Chapter 76 Civil Service of the Employees' Retirement System's Information Technology Band D Position (Information Systems Branch Manager).
5. Report of Activity by Legislative Committee.
   - 5.1. Discuss Potential Employees' Retirement System's 2027 Legislative Session Proposal to Exempt from HRS Chapter 76 Civil Service the Information Technology Band D Position (Information Systems Branch Manager).
   - 5.2. Identify and Discuss Potential Legislative Proposals Determined to be Necessary or Desirable for the System's Investments, Administration, and/or Operations.

6. Report of Activity by the Investment Committee.
    6.1. Total Fund Performance Review for Period Ending June 30, 2026.
    6.2. 2026 Asset Liability Study Education: Update.
    6.3. Rotating Alternative Asset Class Review: Private Credit Portfolio Review for Period Ending March 31, 2026.
    6.4. Education: Systematic Trend Benchmark Review & Approval.

Pursuant to HRS §92-5(a)(4), the Board of Trustees may enter into Executive Session to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities with respect to these matters.

APPROVAL OF MINUTES – July 13, 2026

APPROVAL OF EXECUTIVE SESSION MINUTES – July 13, 2026

Pursuant to HRS § 92-5(a)(2), (4), (6) and (8), the Board may enter into executive session if such approval requires the consideration of sensitive matters relating to public safety or security; the consideration of information that must be kept confidential pursuant to State law; the consideration of the hire, evaluation, dismissal, or discipline of an officer or employee or of charges brought against the officer or employee, where consideration of matters affecting privacy will be involved; and/or to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities with respect to these matters.

EXECUTIVE SESSION

1. Executive Session, pursuant to HRS §92-5(a)(4) and (6), to consider sensitive matters related to Cyber Security that involves Information Security, Technology Risk Management, and the protection of Employees' Retirement System Information Assets, and to consider and consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities with respect to such matters.
2. Executive Session, pursuant to HRS §92-5(a)(2) and (4), to consider the hire, evaluation, dismissal, or discipline of ERS' Chief Compliance Officer, where consideration of matters affecting privacy will be involved; and to consider and consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities with respect to this matter.

ADJOURNMENT

If you require auxiliary aid/service or other accommodation due to a disability, please contact Dale Kehau Kanae at (808) 586-1706 or dale.kanae@hawaii.gov as soon as possible, preferably by Wednesday, September 9, 2026, and the ERS will try to obtain the auxiliary aid/service or accommodation, but cannot guarantee that the request can be fulfilled.

Upon request, this notice can be made available in large print.

Coffee-type refreshments will be served as an integral part of the meeting.

Employees' Retirement System
Monthly Operations Report Highlights – August 2026

- **STAFFING (updated through 9/1/2026)**

	Position Title	Vacant Date	Recruitment Status
1.	Deputy Executive Director	6/16/26	Finalizing/authorizing position description
2.	Program Specialist	4/1/25	4/3/25 – rqst sent to ARO-HR to open recruitment
3.	Program Specialist	New pos.	4/19/24 – draft Position Description (PD) sent to ARO-HR for review and approval
4.	Information Security Officer	New pos.	3/31/26 -draft reorg packet in review w/ARO Fiscal
5.	Account Clerk V	10/17/22	11/14/25 – draft Position Description (PD) sent to ARO-HR for review and approval
6.	Account Clerk V	5/1/24	6/30/25 – revised PD in review w/ARO-HR
7.	Account Clerk V	1/1/25	Pending PD update
8.	Account Clerk V	8/1/25	11/14/25 – draft Position Description (PD) sent to ARO-HR for review and approval
9.	Administrative Assistant II	7/25/23	7/1/25 – reorg required per ARO-HR
10.	Procurement & Supply Spcl IV	2/3/26	7/28/26 – applicant declined interview; rqst new Cert list
11.	Information Technology Band B (Programmer)	11/1/24	7/1/26 – no internal candidates; awaiting Cert list.
12.	Information Technology Band A (Systems)	12/17/24	8/18/26 – in process of scheduling 10 interviews.
13.	Information Technology Band B (Systems)	12/16/25	8/5/26 – new Cert list; 7 eligible candidates.
14.	Information Technology Band B (Programmer)	4/24/26	9/1/26 – selection made, awaiting ARO-HR approval
15.	General Professional VI	5/1/24	2/21/25 – rqst sent to ARO-HR to open recruitment
16.	General Professional VI (NIOSS)	5/16/20	8/26/26 – new Cert list, 1 eligible candidate
17.	General Professional VI	3/16/22	1/26/26 & 9/12/24 – requested new Cert list
18.	Retirement Claims Examiner IV	7/29/24	7/25/26 – 3 qualified internal applicants to interview.
19.	Retirement Claims Examiner IV	8/1/25	7/25/26 – 3 qualified internal applicants to interview.
20.	Retirement Claims Examiner IV	7/17/26	7/25/26 – 3 qualified internal applicants to interview.
21.	Retirement Claims Examiner III	4/7/26	8/11/26 – new Cert list, 19 eligible candidates.
22.	Office Assistant IV	10/1/25	8/13/26 – request new Cert list
23.	Office Assistant IV	1/1/26	Start date 9/16/26
24.	Office Assistant IV	6/9/26	8/13/26 – request new Cert list
25.	Chief Investment Officer	6/1/26	Recruitment in process
26.	Investment Officer	New pos.	7/1/25- draft PD sent to ARO for review and approval
27.	Investment Officer (Operations)	1/1/26	Start date 9/1/26
28.	Investment Officer (Credit Markets)	9/1/26	Pending recruitment

- **MAJOR ACHIEVEMENTS, etc.**

A. Retirement Benefits Branch (RBB)

- Finals – The Team finalized 311 retirees on estimated pension with 1,063 pending. The Team has 73 applications over the 6-month standard. Currently, the Team continues to finalize December 2025 retirements.

- Neighbor Island & Outreach Activities
  - 8/3/2026 - New Employee Orientation -Kauai
  - 8/5/2026 – UH Pre Retirement - Oahu
  - 8/6/2026 – Kona Filing Session
  - 8/7/2026 – City & County of Honolulu Pre Retirement
  - 8/17/26 – New Employee Orientation – Kauai
  - 8/17/26 – New Employee Orientation – Maui
  - 8/25/26 – Kona Filing Session

- Call Center Activities

Calls Received

TOTAL	Retiree	Active	Other	Action Request Call Backs
2,401	677	1,418	289	17

Types of Inquiries

Retirement	General Office	Taxes (W4P & 1099)	EUTF	HIDRO	THP	Enrollment	Website	Refunds	Income Verification	Other
1,474	76	92	84	11	23	18	92	241	107	183

B. Accounting Branch

- FY 2025 audit work is continuing; audit report scheduled to be issued in late Fall 2026.

- Continued working with Vitech/Linea on documenting V3/V3locitiy user test cases to help validate employer/member data in Pension Administration System

- Temporary Hazard Pay (THP) adjustments taking longer than expected due to employer data reporting issues and ERS staff resources.

C. Information Systems Branch (IS)

- Completed monthly patching and updating

- Created and tested new base disk image used to deploy the new laptops and desktops

- Setup two new check printers

- Installed new software used to push out software patches & updates.

- Created generic eSign account to create templates, workflows, etc.

- Configured ERS Cloud servers to send security logs to ETS.

- Class Code Reports – Returned to Agency: 163

- Replaced old desktop shortcuts with new ones for IS, SSS, Accounting, and Investments branches.

- Completed ServiceNow Helpdesk training for all ERS staff

- Completed monthly PA, PWH, AE batches

- Quarterly Oracle Patches applied in all PAS environments

D. <u>Administration</u>

- HRS 88-64 (Act 46, SLH 2023) implementation, process requests to review related cases, tax treatment of reported contributions

- Act 87 (SLH 2015) Employer Reporting (with Retirement Benefits and Accounting branches)

- Completed 4 Uniform Information Practices Act research and responses

- Attended V3locity/Majesco/Linea Meetings

- Coordinated and compiled Holomua newsletter articles, layout and production for the Fall 2026 issue.

- Kick off Preparation for 2027 Legislative Session.

    - Attended August 19, 2026, Legislative Coordinators meeting with Gov Policy.

E. <u>Staff Support Services Branch (SSS)</u>

- Walk in members: 625 in August, compared to 641 in July
- Document Scanning and Indexing (on-going) – major backlog (approx. +2 million)

Activities (August)	Documents Completed
Time Sensitive	5,278
Indexed (backlog)	1,441

- **WEB STATISTICS for August 2026**

- Member Information – Sessions = 19,568
- General ERS Website – Sessions = 22,295

Top 12 viewed site pages (descending order):

	Page	Page views
1.	Benefits Calculator	**7,200**
2.	Members > Planning for Retirement	**7,156**
3.	Members > Member Forms	**4,526**
4.	Resources > Contact Us	**3,678**
5.	Members > Active	**3,500**
6.	Resources > All Forms	**2,950**
7.	Home > Administration	**1,639**
8.	Investments > Program	**1,271**
9.	Retirees > Pension Info	**1,204**
10.	Members > Leaving Employment	**959**
11.	About the ERS	**927**
12.	Members > Members FAQs	**908**

RETIREMENT BENEFITS BRANCH ACTIVITIES – August 2026

Activities	Standard	Completed	Standard Percentage	Pending	Remarks
1. Enrollment	Within 1 month of receipt - Enrollment Forms	1213	100% (July 100%)	144	All pending still within the standard. Enrollments received from 8/19/2026 to present.
2. Estimates Requests	Within 6 months of retirement date	119	100% (July 100%)	194	Pending still within the standard
3. Initial Payments	After 1 month of retirement date	191	100% (July 100%)	0	08/01/2026 retirements: Service (187); OD (2); SCD (2)
4. Refund Requests	Within 1 month after request, send letter	119	100% (July 100%)	12	Pending still within the standard
5. Refund Payments	Within 2 months after receipt of applications	23	100% (July 100%)	61	15 out of 61 pending payments: incomplete applications. Pending still within the standard
6. Deaths (Active members)	Within 1 month of report of death, send letter	33	100 % (July 100%)	0	5 deaths reported – No benefits.
7. Death Payment (Active members)	Within 1 month of receipt of death claim form(s)	17	100% (July 100%)	17	17 out of 33 claims – unable to process as missing & incorrect information. Pending resubmission by beneficiary.
8. Deaths (Retiree/Beneficiary)	Within 1 month of report of death, send letter	183	82% (July 91%)	288	288 pending – includes reported & vendor reported notifications. For vendor reported, no action taken unless there is a benefit to be paid.
9. Death Payments (Beneficiary)	Within 1 month of receipt of death claim form(s)	55	100% (July 100%)	28	28 out of 83 claims – unable to process as missing & incorrect information. Pending resubmission by beneficiary.
10. Ordinary Disability	Within 6 months complete application	5	100% (July 67%)	68	5 of 5 met the 6-month standard.
11. Service-Connected Disability/ Death	Within 14 months complete application	1	100% (July 50%)	56	1 of 1 met the 14-month standard.

Disability Standard – Below are the disability applications completed in August 2026 by the ERS Administration (Executive Director) based on the revised Chapter 23, Hawaii Administrative Rules, on the Preliminary Decisions by the Medical Board (MB). All applications are now reviewed by the Deputy Attorney General (DAG) after staff's review.

Disability	Initials	Date Application Filed	Date Completed	Months
Ordinary	JM	1/27/2026	7/24/2026	6
	PN	3/19/2026	7/24/2026	4
	MT	3/20/2026	7/24/2026	4
	RWS	4/6/2026	7/24/2026	4
	GTB	5/27/2026	7/24/2026	2
			Average	**4**
SCD	EK	11/14/2025	7/24/2026	8
			Average	**8**

Finals Report
Board of Trustees Meeting
August 31, 2026

Finals Production as of August 31, 2026

2026													
Retirements Filed	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sept**	**Oct**	**Nov**	**Dec**	**Total**
LY Finalized	**121**	**122**	**163**	**156**	**153**	**140**	**281**	**206**	**140**	**124**	**142**	**186**	**1,934**
TY Projection	*170*	*180*	*200*	*220*	*220*	*220*	*220*	*230*	*230*	*230*	*230*	*230*	*2,580*
Actual (filed)	**164**	**190**	**152**	**121**	**140**	**292**	**319**	**326**					**1,704**
Ord. Death	3	3	2	1	1	2	5	5					22
RMD	0	0	0	0	0	0	0	0					0
Total Finalized	**167**	**193**	**154**	**122**	**141**	**294**	**324**	**331**	**0**	**0**	**0**	**0**	**1,726**
Begin Pending	1,075	1,515	1,401	1,364	1,385	1,337	1,316	1,198					
New Retirements	596	73	108	139	91	266	193	187					1,653
Add'l (BOT & svc adj.)	8	3	7	3	1	5	8	4					39
Completion	-164	-190	-152	-121	-140	-292	-319	-326	0	0	0	0	-1,704
End Pending	**1,515**	**1,401**	**1,364**	**1,385**	**1,337**	**1,316**	**1,198**	**1,063**	**0**	**0**	**0**	**0**	

1. Highlights

- o 331 Cases were finalized and to be paid in September.
- o 326 Retirements, including 5 disability retirements and 0 RMD.
- o 5 Active death monthly pension

- 244 cases were finalized with Act 134 Interest paid totaling $1,980.35.
  - o $8.12 average interest paid.
- 86 Anti-spiking (Act 153) cases
- 1,063 Service and Disability retirements pending finalization.
  - o Continue finalizing December 2025 retirements with 93.13% of the inventory within benchmark.
- Resources are currently at **4** Retirement Claims Examiner IV at full-time status and 1 89-day hire.

2. Aging Status Standard: To finalize pensions within 6 months or interest starts on the 7th month

Pending Status:
Backlog Cases over 6 months: 73 (6.87%) including 0 Disability retirements.
Benchmark Cases within 6 months: 990 (93.13%) including 20 disability retirements.
Total: 1,063

3. Re-Finalization

- o Finals team has been re-finalizing DOE hazard pay cases.
- o Non-Finals staff have started refinalizations for UPW, State & County THP cases on overtime.
- o Pay adjustments due to late HIP reporting and retroactive pay increases per CBA add to backlog

Program Support Update

ERS Board of Trustees

James Greubel, Program Specialist Supervisor

September 14, 2026

Employees' Retirement System
of the State of Hawaii

Agenda

- General Program Support Duties
- Accomplishments
- Upcoming and Ongoing Projects

General Program Support Duties

- Coordinate and assist with legislative matters.
- Assist in planning, developing, coordinating, monitoring and evaluating programs, operations, and activities in support of ERS's programs.
- Liaison to various groups including the deputy attorneys general, actuary, BOT legislative committee, Legislature, Executive Branch, and employers.
- Resolve benefit administration issues.
- Point-of-contact for Uniform Information Practices Act (UIPA) and other external requests.
- Conduct outreach and informational activities such as news releases, Holomua newsletter and ERS website. Coordinate certain internal communications.
- Review and qualify Hawaii Domestic Relations Orders (HiDRO) and respond to HiDRO Requests for Information.

Employees' Retirement System
of the State of Hawaii

Accomplishments (since 11.10.2025)

- Employer Reporting
  - Working with Accounting, RBB, CCO & KMH on providing summary reports of Employer Reporting compliance
  - Resolution of employer reporting issues in conjunction with Accounting WRT, RBB & ATGs
- 2026 Legislative Session
  - Two ERS bills introduced in the 2026 Legislative Session passed and are now Act 134 (Increases to Employer Contributions) and Act 149 (ERS Managerial Positions Converted to Exempt).
- Hawaii Domestic Relations Order (HiDRO) Reviews and Requests for Information (RFI) for FY2026
  - Completed 72 reviews for HiDRO submissions
  - Completed 27 requests for RFI submissions
- Uniform Information Practices Act (UIPA) for FY2026
  - Completed 33 records requests

Employees' Retirement System
of the State of Hawaii

Upcoming and Ongoing Projects

- 2027 Legislation
  - Submitted 1 ERS bill to be included in the Governor's package
    - BUF-00: Proposal to Convert the ERS IS Branch Manager Position to Exempt
  - Anticipate multiple proposals affecting retirement benefits
- 2026 Legislation Implementation
  - Act 134 (2026) memos and updates to be issued for July 1, 2027, employer contribution change for the police & fire group issued in 2026 & 2027.
- V3locity Migration and Upgrade
  - Participating in HiDRO testing and development of self-service models for members, retirees and employers
- HRS 88-64 Settlements/Act 46 (SLH 2023)
  - Review of requirements to streamline approval process.
- Recruitment and Training of new Program Specialist
  - Vacant since April 2024

Employees' Retirement System of the State of Hawaii

Mahalo!

Employees' Retirement System
of the State of Hawaii

2026
BOARD OF TRUSTEES OF THE EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF HAWAII

OFFICERS & COMMITTEE ASSIGNMENTS

BOARD MEMBERS
Vincent (Vince) Barfield, Chair
Genevieve (Genny) Gines Ley, Vice Chair
Darlene Blakeney
Catherine Chan
Seth Colby
Emmit Kane
David Louie
Amanda Lowrey

GOVERNANCE POLICY COMMITTEE*
Vincent (Vince) Barfield, Chair
(Board)
Genevieve (Genny) Gines Ley, Vice Chair
(Board and Human Resources Committee Chair)
David Louie
(Administrative & Audit Committee Chair)
Emmit Kane
(Investment Committee Chair)

ADMINISTRATIVE & AUDIT COMMITTEE (2/11/26)
David Louie, Chair
Seth Colby, Vice Chair
Vincent (Vince) Barfield
Darlene Blakeney

HUMAN RESOURCES COMMITTEE (2/18/26)
Genevieve (Genny) Gines Ley, Chair
Catherine Chan, Vice Chair
Vincent (Vince) Barfield
Emmit Kane

INVESTMENT COMMITTEE (2/17/26)
Emmit Kane, Chair
Darlene Blakeney, Vice Chair
David Louie
Amanda Lowrey

LEGISLATIVE COMMITTEE (2/26/26, 9/2/26)
Catherine Chan, Chair
Amanda Lowrey, Vice Chair
Vincent (Vince) Barfield
Seth Colby

*Committee suspended, however, can meet on an as-needed basis (approved by Board as of Mar 11, 2024).

Noted dates are when Committee Chairs and Vice Chairs were elected.

Accepted by Board: Mar 9, 2026, July 13, 2026, Sep 14, 2026
Revised: Sep 14, 2026

Employees' Retirement System of the State of Hawaii
BOARD OF TRUSTEES
GOVERNANCE POLICY COMMITTEE CHARTER

I. PURPOSE

The purpose of the Governance Policy Committee ("Committee") is to carry out the responsibilities delegated to it by the Board of Trustees of the Employees' Retirement System of the State of Hawaii ("Board") relating to research, implementation and monitoring of best practices for governance toward fulfillment of fiduciary duties, oversight of investment policies and guidelines, and the efficient, effective administration of the Employees' Retirement System of the State of Hawaii ("ERS").

II. COMMITTEE MEMBERSHIP

The Committee shall be comprised of four (4) members of the Board of Trustees: (1) the Board Chair, who shall serve as the Chair of the Committee; (2) the Board Vice Chair, who shall serve as the Vice Chair of the Committee; for members (3) and (4) a Chairperson from either the Administrative and Audit Committee, Human Resources Committee, Investment Committee, or Legislative Committee, as assigned by the Board Chair. To ensure quorum and representation from the Committees, if a Chairperson from an assigned Committee is not able to attend a meeting, that Chairperson may designate any member of their respective Committee to attend as their designee, provided that the Chairperson's designee is not already an existing member of the Governance Policy Committee. ~~The Committee shall be composed of the Chairpersons of the standing committees of the Board. The Board Chair and Board Vice Chair will be the Governance Policy Committee Chair and Vice Chair, however, if the Board Vice Chair is not a chair of a standing committee, the Governance Committee will appoint the Board Vice Chair as a member and to serve as Vice Chair of the Committee.~~ The members of the Committee shall be appointed for a one-year term~~s~~ and shall serve for such term or terms as the Board Chair may determine or until earlier resignation. The Board Chair may remove any member from the Committee at any time with or without cause.

III. MEETINGS

The Committee shall meet at such times and places as it deems necessary to fulfill its responsibilities. The Committee shall report to the Board regarding its actions and make recommendations to the Board as appropriate. The Committee may invite such members of management and advisors to its meetings as it deems appropriate. The Committee shall review this Charter periodically and recommend any proposed changes to the Board for approval.

IV. AUTHORITY AND RESPONSIBILITIES

The Committee shall have the following authority and responsibilities regarding the administration of the ERS:

- To review the ERS's Governance Plans and Procedures.
- To assign and provide direction to the Executive Director and Deputy Executive Director on priorities and actions to successfully execute the governance responsibilities of the Administrative Branch.
- To review and draft governance policies, guidelines and recommendations for the Boards consideration.

~~The Committee shall have the following authority and responsibilities regarding ERS Legislation:~~

- ~~To recommend and review proposed legislation relating to the ERS governance introduced by the ERS and by other parties, and to assign and provide direction for the Executive Director and Deputy Executive Director on priorities and actions to successfully support such legislative goals and responsibilities of the ERS.~~
- ~~To recommend support, opposition, or monitor of proposed legislation relating to the ERS governance to the full Board for its consideration.~~

V. OUTSIDE ADVISORS

The Committee shall have the authority, in its sole discretion, to obtain the advice of any ERS consultant or ERS service provider as necessary to assist with the execution of its duties and responsibilities as set forth in this Charter. The Committee shall have the authority, in its sole discretion, to obtain the advice and the assistance of ERS's legal counsel and such other advisors as it deems necessary to fulfill its duties and responsibilities under this Charter. The Committee shall not be required to implement or act consistently with the advice or recommendations of its consultant, legal counsel or other advisor to the Committee, and the authority granted in this Charter shall not affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties under this Charter. The consultant(s), outside counsel and any other advisors retained by, or providing advice to, the Committee (other than the ERS's in-house counsel) shall be independent as determined in the discretion of the Committee.

VI. PERFORMANCE EVALUATION

The Committee shall conduct aperiodic evaluation of the performance of its duties under this Charter and shall present the results of the evaluation to the Board. The Committee shall conduct this evaluation in such manner as it deems appropriate.

Adopted and Approved by the Board of Trustees: December 9, 2019, September 14, 2020, April 11, 2022, March 13, 2023, March 11, 2024, March 10, 2025, September 14, 2026
Revised and Accepted by the Governance Policy Committee: July 24, 2020, March 28, 2022, March 7, 2023, September 3, 2026

Trustee Education and Travel Policy (Draft)

Trustees are encouraged to seek educational opportunities to enhance skills and knowledge needed to carry out their Trustee duties. Requests for education-related travel will be approved by the Executive Director to ensure compliance with State travel guidelines, approved authorized budget, State Sunshine Laws, and the following ERS guidelines:

- Actively participate in HIERS contracted Board Smar online education series.
- Annually, one (1) industry conference and/or education offering involving domestic travel.
- Annually, one (1) Board meeting and conference session involving intra-Island travel.
- All solo education travel will be summarized after travel to document the contect, participants, and trustee education benefits.
- Board education and travel will be tracked and reported annually.

Exceptions to the above will be approved by the Executive Director and ERS Board Chair and will clearly document the cost-benefits to ERS.

Trustee Education and Travel FY25 & FY26

FY 25	Dates	No. of Trustees	Event
	10/1-10/4/24	1	Hawaii Executive Collaborative Conference
	10/15-10/18/24	6	ERS Investment Educational Summit
	11/8-11/14/24	1	IFEBP Annual Conference
	11/20-11/22/24	1	Builders VC Annual LP Meeting
	3/22-3/26/25	1	Pension Bridge Conference
	6/7-6/14/25	1	RFK Compass Summit Investors Conference

FY26	Dates	No. of Trustees	Event
	9/23-9/25/25	7	ERS Investment Educational Summit
	10/2-10/5/25	1	Hawaii Executive Collaborative Conference
	4/28-5/1/26	1	10th Annual Pacific Northwest Institutional Forum

STATE PROCUREMENT OFFICE

TRAVEL GUIDELINES & PROCEDURES

INTRODUCTION

Effective July 1, 2026, these travel guidelines, procedures, and the applicable forms and worksheets shall be used for purposes of Intra-State and Out-of-State travel. Department may impose additional requirements in its departmental travel procedures.

I. PURPOSE

To provide travel guidelines and procedures for Executive Branch Department (excluding DOE, UH, OHA, and HHSC) employees in accordance with collective bargaining agreements (BU 2, 3, 4, 9 and 13), Hawaii Administrative Rules (HAR 3-10) and procurement circulars.

II. DEFINITIONS

A. **Federal Allowable Rate** – The maximum allowable rates for per diem (lodging and M&IE) set by the General Services Administration (GSA) for the 48 Contiguous United States and the District of Columbia **(CONUS),** and by the Department of Defense (DOD) for Outside Contiguous United States, Non-Foreign Overseas and Foreign **(OCONUS)** travel.

B. **Hawaii Government Employees Association (HGEA) Settlement Agreement** (for BUs 2,3,4, 9 & 13) – Summary agreement dictating how travel time is calculated, regarding work-related travel outside of working hours for those employees, on same-day travel, who may earn overtime pay.

C. **Incidental Expenses** – Necessary costs incurred while on official business, including but not limited to fees and tips for baggage carriers, porters, hotel maids, transportation drivers, and laundry.

D. **Intra-State Travel** – Authorized travel within the State of Hawaii, which includes inter-island travel (one-day travel or overnight travel). Note: Hawaii is considered OCONUS.

E. **Lodging** – Allowable expenditure to cover lodging/hotel costs of intra-state and out-of-state travel where lodging costs are necessary and reasonable.

F. **Meals & Incidental Expenses (M&IE)** – The maximum amount authorized for daily meals and incidental expenses determined by the business destination set by the GSA for CONUS travel and the Department of Defense for OCONUS travel.

G. **Out-of-State Travel** – Authorized travel outside the State of Hawaii to the United States and its territories and foreign localities.

H. **Per Diem** – Allowance for lodging, meals and related incidental expenses. A maximum specified amount for each day of authorized intra-state or out-of-state travel, established by collective bargaining agreements, aligned with the federal rates.

I. **Statement of Completed Travel** – This form is utilized to record incurred expenses following the traveler's return.

J. **Travel Approval Form (TAF), SPO-030** – Form used to document travel details, projected expenses, and obtain written approval by designated authority.

K. **Travel Worksheets** – Forms (SPO-030A, SPO-030B, SPO-030C, SPO-030D) used to do document airfare, lodging, M&IE, and ground transportation, itineraries and related expenses.

III. APPLICABILITY

A. Applies to all persons employed by the State, and to all persons representing the State on official business, unless otherwise provided by statute. (HAR 3-10-3).

B. Except as otherwise provided by statutes, this applies to all travel expenses regardless of the source of funding, unless a non-state entity pays for the entire cost of travel (including per diem and all incidental costs) and makes all travel arrangements.

C. Whenever there is a conflict between these procedures and provisions of the collective bargaining agreement, the provisions of the collective bargaining agreement shall take precedence.

D. Under Chapter 89, HRS, excluded employees shall receive the same benefits as employees in related bargaining units.

IV. TRAVEL REQUESTS/APPROVALS

A. All travel requests shall be approved in writing using the Travel Approval Form (TAF) and related Worksheets.

B. Out-of-state travel requires department head approval.

C. Intra-state travel may be delegated to division chiefs or as determined by the department.

V. TRAVEL ADVANCES

A. Travel Advances, with receipt or confirmation, may be requested prior to a trip to cover estimated expenses for:
- Lodging up to the Federal Allowable Rate or the quoted rate, whichever is less.
- M&IE up the Federal Allowable Rate.
- Identifiable costs, i.e. ground transportation, including car rental (if applicable).

B. Advance per diem and expenses (M&IE) shall be submitted no earlier than fourteen (14) calendar days prior to travel commencement and no less than five (5) calendar days prior to departure date.

C. Advance payment for lodging, including excess lodging, ground transportation, and other official travel expenses that are approved by the department head or designee, shall be supported by a written invoice, proof of payment, or confirmed reservations that include all reservation details (i.e. hotel confirmation showing nightly room rates and reservation dates). Requests for these types of advance payments shall be submitted together with the request for Advance Per Diem.

D. Request for advance payments, not supported by proper documentation, shall be rejected but may be submitted with the Statement of Completed Travel, after travel has been completed.

E. Employees receiving a stipend or funds, from a 3rd party, after the State has prepaid travel expenses shall deposit the stipend back to the General Fund.

F. A travel advance must be returned immediately if an authorized trip is cancelled or indefinitely postponed. A personal check from the traveler, for the full amount of the advance must be obtained.

AIRFARE AND BAGGAGE EXPENSES: WORKSHEET A

I. <u>AIR TRAVEL COMMERCIAL AIRLINES</u>

A. Economy Class – Airfare shall not be more than Economy Class. Any incremental costs, such as but not limited to, preferred seating, extra leg room seating, meals, etc. is the responsibility of the traveler. This applies to all CONUS and OCONUS travel, regardless of the purpose or source of funding. (Note: Choice of fare may include a fare category that allows for a seat selection)

B. Economy Plus (e.g. Preferred or Extra Leg Room seating, Premium Economy) Business or First Class may ONLY be authorized under special circumstances for example: reasonably accommodate a disability or medical need of a traveler.

C. Travel Route – Travel routes shall be the most economical and direct route(s) available to the point(s) of destination. Any changes related to travel not applicable to state business is the responsibility of the employee.

D. Personal deviations include personal preferences regarding air carriers, side trips, stopovers, routings, schedules, and similar choices. Any additional costs resulting from deviations are the responsibility of the traveler. The traveler shall obtain an airfare quote for the authorized portion of the trip, as well as any costs associated with personal deviations.

E. The pCard shall be used for authorized airfare. Any increase in airfare due to personal deviation(s) is the responsibility of the traveler. The pCard shall not be used to cover any additional expenses resulting from personal deviations.

F. A nonrefundable ticket associated with a cancelled trip by a pCard or purchase order shall be used for the employee's next trip or travel credit towards another employee's authorized travel.

II. <u>WORKSHEET A - COMPUTATION OF AIRFARE AND BAGGAGE EXPENSES</u>

Worksheet A is used to collect airfare quotes, document baggage fees, and identify the selected itinerary for Intra-State or Out-of-State Travel. It ensures compliance with travel requirements, including the requirement for multiple quotes.

1. **Select travel type (one box only)**:

AIRFARE AND BAGGAGE EXPENSES

WORKSHEET A *Minimum of two quotes required*

Check One:	INTRA-STATE (VL Contract No. 23-09):		Out-of State:	

☐ **Intra-State Travel (travel within Hawaii)** requires two airfare quotes for authorized/official business, from two different vendors. See VL Contract 23-09, or as amended.

☐ **Out-of-State Travel:** A minimum of two airfare quotes from different sources (i.e. travel agency, United Airlines, American Airlines, Travelocity, Expedia, etc.) are required for authorized/official business.

2. **Airfare Quotes:** Worksheet A shall reflect the two authorized flight schedules (Itinerary #1 and #2) using the same travel parameters (same dates, similar times, and same destination). Itinerary #3 may be used to document airfare quotes that combine authorized travel with personal deviation(s).

- **Vendor**: Enter the name of the airline(s) or travel vendor(s) providing the quote.

- **Selected Itinerary**: Check the box for only ONE itinerary. Select the most economical airfare (unless otherwise justified) based on the itinerary that best meets the business requirements. The airfare & baggage for the itinerary selected will be reflected in the Worksheet total.

- **Airfare Quote**: Enter the exact airfare total quoted by the vendor.

- **Baggage Fee**: List the total expected baggage cost based on the traveler's needs for all segments. If there is no checked baggage, or no charge for luggage, enter "$0."

  Baggage is limited to one checked bag in accordance with the airline's standard weight and size limits. Travelers must provide justification why more than one (1) bag is necessary.

- **Date of Quote**: Enter the date the quote was received. Multiple quotes must be obtained on the same day to ensure comparability.

- **Flight details**:
  - Date: Travel date for each flight segment
  - Airline: Airlines
  - From: Airport of origin (use airport code, e.g., HNL)
  - To: Destination airport (use airport code, e.g., OGG)
  - Estimated Departure Time: Scheduled departure time
  - Estimated Arrival Time: Scheduled arrival time

  Note: The collective bargaining agreement eliminated the 10-hour minimum requirement to arrive at the destination, but it will still be observed for practical reasons.

3. **Justification**: Complete this section if the selected itinerary is NOT the lowest airfare. Examples: "Lowest fare had unreasonably long layovers," "Lowest fare did not meet meeting schedule."

   Note: If the original airfare quotes expire or are no longer valid, Worksheet A shall be revised accordingly. Routine fare fluctuations do not require an amended TAF.

4. Enter the total cost of authorized airfare into the appropriate field on the TAF.

5. Confirmed reservations shall not be made until the TAF has been approved and signed by the appropriate approving authority.

WORKSHEET A *Minimum of two quotes required*

Check One: **INTRA-STATE** (VL Contract No. 23-09): ______ **Out-of State:** x

Itenerary 1 **Vendor:** United Airlines **Select Itinerary:**

Airfare Quote: $ 821.23 **Baggage fee:** $ 80.00 **Date of Quote:** 05/10/26

DATE	AIRLINE	FROM	TO	DEPT TIME	ARR TIME
06/02/26	United	HNL	SFO	7:10 AM	3:15PM
06/07/26	United	SFO	HNL	7:05 AM	9:40AM

Itenerary 2 **Vendor:** Expedia **Select Itinerary:** X

Airfare Quote: $ 623.13 **Baggage fee:** $ 80.00 **Date of Quote:** 05/10/26

DATE	AIRLINE	FROM	TO	DEPT TIME	ARR TIME
06/02/26	Alaska	HNL	SFO	11:37AM	7:57PM
06/07/26	American	SFO	HNL	11:37 AM	5:47PM

Itenerary 3 **Vendor:** Hawaiian Airlines **Select Itinerary:**

Airfare Quote: $ 944.00 **Baggage fee:** $ 120.00 **Date of Quote:** 05/10/26

DATE	AIRLINE	FROM	TO	DEPT TIME	ARR TIME
06/02/26	Hawaiian	HNL	SFO	12:10PM	8:25PM
06/07/26	Alaska	SFO	LAS	5:00PM	6:45PM
06/10/26	Hawaiian	LAS	HNL	6:05PM	9:26PM

All quotes shall be obtained on the same 8-hour work day using the same parameters, i.e., dates, similar times, and destination.

PER DIEM: MEAL ALLOWANCES, AND INCIDENTAL EXPENSES (M&IE): WORKSHEET B

I. **PER DIEM** includes an allowance for lodging, meals and related incidental expenses. A maximum specified amount for each day of authorized intra-state or out-of-state travel is established by collective bargaining agreements. The collective bargaining agreement provisions, effective July 1, 2026, have been revised to align with the federal rates.

A. **Intra-state travel** allowance (overnight) is based on the Department of Defense for Outside Contiguous United States, Non-Foreign Overseas and Foreign (OCONUS) travel.

Website: https://www.travel.dod.mil/Travel-Transportation-Rates/Per-Diem/Per-Diem-Rate-Lookup/.

Example: Islands of Hawaii (Note: There is no chart that reflects the breakdown for meals.)

Locality	Seasons (Beg-End)	Maximum Lodging	Local Meals	Proportional Meals	Local Incidental	Footnote	Footnote Rate	Maximum Per Diem	Effective Date
OTHER]	01/01 - 12/31	242	130	74	33			405	10/01/2025
CAMP H M SMITH	01/01 - 12/31	202	130	74	33			365	10/01/2025
CNI NAVMAG PEARL HARBOR-HICKAM	01/01 - 12/31	202	130	74	33			365	10/01/2025
FT. DERUSSEY	01/01 - 12/31	202	130	74	33			365	10/01/2025
FT. SHAFTER	01/01 - 12/31	202	130	74	33			365	10/01/2025
HICKAM AFB	01/01 - 12/31	202	130	74	33			365	10/01/2025
HONOLULU	01/01 - 12/31	202	130	74	33			365	10/01/2025
SLE OF HAWAII: HILO	01/01 - 12/31	199	117	68	29			345	10/01/2025
SLE OF HAWAII: LOCATIONS OTHER THAN HILO	01/01 - 12/31	242	144	81	36			422	10/01/2025
SLE OF KAUAI	01/01 - 12/31	350	132	75	33			515	10/01/2025
SLE OF LANAI	01/01 - 12/31	242	130	74	33			405	10/01/2025
SLE OF MAUI	01/01 - 12/31	354	122	70	31			507	10/01/2025
SLE OF MOLOKAI	01/01 - 12/31	242	130	74	33			405	10/01/2025
SLE OF OAHU	01/01 - 12/31	202	130	74	33			365	10/01/2025

B. **Out-of-State (OCONUS)** travel allowance is based on the Department of Defense for Outside Contiguous United States, Non-Foreign Overseas and Foreign travel.

Website: https://www.travel.dod.mil/Travel-Transportation-Rates/Per-Diem/Per-Diem-Rate-Lookup/.

Sample: Japan (Note: There is no chart that reflects the breakdown for meals).

Locality	Seasons (Beg-End)	Maximum Lodging	Local Meals	Proportional Meals	Local Incidental	Footnote	Footnote Rate	Maximum Per Diem	Effective Date
[OTHER]	01/01 - 12/31	208	86	52	21			315	12/01/2025
ADACHI	01/01 - 12/31	358	100	59	25	8		483	12/01/2025
AKASHI	01/01 - 12/31	337	162	90	41			540	12/01/2025
AMAGASAKI	01/01 - 12/31	337	162	90	41			540	12/01/2025
ARAKAWA	01/01 - 12/31	358	100	59	25	8		483	12/01/2025
ASHIYA	01/01 - 12/31	113	91	55	23			227	12/01/2025
ATSUGI	01/01 - 12/31	208	86	52	21	13		315	12/01/2025
ATSUGI NAF	01/01 - 12/31	208	86	52	21	13		315	12/01/2025
AWASHIMA	01/01 - 12/31	212	118	68	29			359	12/01/2025
AYASE	01/01 - 12/31	208	86	52	21			315	12/01/2025

C. **Out-of-State (CONUS)** travel allowance is based on the General Services Administration (GSA) for the 48 Contiguous United States and the District of Columbia

Website: https://www.gsa.gov/travel/plan-book/per-diem-rates. Use the drop-down box to select a specific State, City or Zip Code. If a city is not represented, the Standard Rate shall apply for all locations without specific rates.

This sample chart represents the maximum daily rates for M&IE for the County of Los Angeles

Primary destination	County	M&IE total	Breakfast	Lunch	Dinner	Incident expense
Los Angeles	Los Angeles / Orange / Ventura / Edwards AFB less the city of Santa Monica	$86	$22	$23	$36	$5

Example: Maximum standard daily lodging rates (excluding taxes) for the State of California

Primary destination	County	2025 Oct	Nov	Dec	2026 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Standard Rate	Applies for all locations without specified rates	$110	$110	$110	$110	$110	$110	$110	$110	$110	$110	$110	$11

D. **Federal rates** are based on the federal fiscal year October through September. For travel commencing before July 1, 2026, and terminating after July 1, 2026, the current State per diem rates will prevail. For example, travel commencing on June 29, 2026, and returning on July 2, 2026, the current rates of $145.00 for out-of-state, and $90.00 intra-state shall be used.

The applicable federal rates will be used for travel commencing after July 1, 2026, irrespective of any subsequent changes to those rates. For example, the M&IE is $86.00 per day for travel to Los Angeles commencing on September 29, 2026, returning October 2, 2026. Although the federal rate may change on October 2, 2026, the rate effective as of September 29, 2026 will prevail.

E. **Computing M&IE** Allowance – in computing the M&IE allowance, the calendar day (midnight to midnight) shall be the unit. For fractional M&IE allowance for departure and return days, use the following table:

If Time of	Allowed on Day of:	
Departure/Return	Departure	Return
12:01 am – 6:00 am	1 day	¼ day (0.25)
6:01 am - Noon	¾ day (0.75)	½ day (0.50)
12:01 pm – 6:00 pm	½ day (0.50)	¾ day (0.75)
6:01 pm - midnight	¼ day (0.25)	1 day

II. WORKSHEET B – COMPUTATION OF MEALS AND INCIDENTAL EXPENSES - CONUS

Worksheet B is used to calculate Meals and Incidental Expenses (M&IE) for travel to the 48 contiguous United States and District of Columbia. It also determines the appropriate meal allowance when meals are provided at no cost to the traveler or the State. Worksheet B is essential for calculating:

- Rates for overnight travel
- Allowance for same day travel
- M&IE when lodging is provided at no cost to the traveler or State
- Rates when meals are supplied at no cost to the traveler or State

1. Complete the top and bottom sections, as indicated, with type of travel, travel destination, travel dates/times, traveler's name, and preparer's name(s).

2. **PART A – Computation of M&I**E
   - **Departure Day**: Enter the fractional day based on 90 minutes prior to departure time (using the chart)
   - **Full Days:** Count every full 24-hour period between departure and return days.
   - **Return Day:** Enter the fractional day based on 30 minutes after the scheduled arrival time at the employee's home airport (using the chart).
   - **Total Days:** Automatically calculated.
   - **Rate:** Enter the daily M&IE rate based on the information from the GSA website https://www.gsa.gov/travel/plan-book/per-diem-rates

     ATTACH A SCREENSHOT OF THE M&IE TO DOCUMENT THE RATE.

Sample M&IE for Dallas, Texas

Primary destination	County	M&IE total	Breakfast	Lunch	Dinner	Incidental expenses	First and last day of travel
Dallas	Dallas	$80	$20	$22	$33	$5	$60.00

   - Total A will automatically be calculated based on the input provided.

3. Enter the total M&IE cost from Worksheet B on the appropriate line on the TAF, as applicable.

4. **Part B – Computation of M&IE when lodging is provided** at no cost to the traveler/state. Only meals and incidentals are provided for the full days (unless meals are included in the meeting, training etc.)

Example: Dallas, Texas	Rate		Number of Days	Total
Breakfast	$20		1	$20.00
Lunch	$22		1	$22.00
Dinner	$33		1	$33.00
Calculate the daily incidental rate	$5	x	6	$30.00
			TOTAL B	$105.00

5. **Part C**: **Deduction of Meals when meals are provided**.

Example: Dallas, Texas	Rate	Number of Meals	Meal	
	$20	1	**Breakfast**	$20.00
	$22	1	**Lunch**	$22.00
	$33	1	**Dinner**	$33.00
			Total C	$75.00

Note: Incidental Expense rate is not adjusted

Note: M&IE shall not be reduced when meals are provided as part of a conference program. See CM 2012-15 for additional information.

The Grand total will be based on the input of A, B, or C (as applicable).

Worksheet B-**CONUS** Grand Total: $ -

III. WORKSHEET B - COMPUTATION OF MEALS AND INCIDENTAL EXPENSES – OCONUS

Worksheet B is used to calculate Meals and Incidental Expenses (M&IE) for travel OCONUS *outside* the 48 contiguous United States, non-foreign overseas (Hawaii and Alaska), and foreign destinations. It also determines the appropriate meal allowance when meals are provided at no cost to the traveler or the State. Worksheet B is essential for calculating:

- Rates for overnight travel
- Allowance for same day travel (Hawaii only)
- M&IE when lodging is provided at no cost to the traveler or State
- Rates when meals are provided at no cost to the traveler or State

1. Complete the top and bottom sections, as indicated, with the type of travel, destination, travel dates/times, traveler's name, and preparer's name(s).
2. Insert the **Local Meals Rate** and **Local Incidental Rate** from the federal website:https://www.travel.dod.mil/Travel-Transportation-Rates/Per-Diem/Per-Diem-Rate-Lookup/. This will be used to calculate the meal percentages.
3. **PART A – Computation of M&IE for OCONUS**:
   - **Departure Day:** Enter the fractional day based on 90 minutes prior to departure time (using the chart.
   - **Full Days:** Count every full 24-hour period between departure and return.
   - **Return Day:** Enter the fractional day based on 30 minutes after the scheduled arrival time at the employee's home airport. Use the provided quarter-day chart.
   - **Total Days:** Automatically calculated.

- **Rate:** Enter the daily M&IE rate based on the information from the **DOD** website: https://www.travel.dod.mil/Travel-Transportation-Rates/Per-Diem/Per-Diem-Rate-Lookup/
- **Total A** will automatically be calculated based on the input provided.

  ATTACH A SCREENSHOT OF THE M&IE TO DOCUMENT THE RATE.

OCONUS Example: Frankfurt, Germany

Locality	Seasons (Beg-End)	Maximum Lodging	Local Meals	Proportional Meals	Local Incidental	Footnote	Footnote Rate	Maximum Per Diem	Effective Date
FRANKFURT AM MAIN	01/01 - 12/31	258	108	63	27			393	08/01/2025

4. Enter the total M&IE cost from Worksheet B on the appropriate line on the TAF.

5. **Part B – Computation of M&IE** when lodging is provided at no cost to the traveler/state. Only meals and incidentals are provided for the full days (unless meals are included in the meeting, training, etc.)

OCONUS Example: Frankfurt, Germany	Local Meals	Rate/Meal		Number of Meals	Total
20% for Breakfast	$108	$22	x	1	$22.00
30% for Lunch	$108	$32	x	1	$32.00
50% for Dinner	$108	$54	x	1	$54.00
Incidental Expenses		$27	x	5	$135.00

Note: Incidental Expenses rate is not adjusted.

Part C – Deduction of Meals when meals are provided.

OCONUS Example: Frankfurt, Germany	Local Meals	Rate/Meal		Number of Meals	Total
20% for Breakfast	$108	$22	x	1	$22.00
30% for Lunch	$108	$32	x	1	$32.00
50% for Dinner	$108	$54	x	1	$54.00
				TOTAL C	$108.00

The Grand total will be based on the input of A, B, or C (as applicable)

Worksheet B-OCONUS Grand Total: $	-

IV. WORKSHEET B - COMPUTATION OF MEALS AND INCIDENTAL EXPENSES – INTRA-STATE (OVERNIGHT)

1. Complete the top and bottom sections, as indicated, with type of travel, travel destination, travel dates/times, traveler's name, and preparer's name(s).
2. Insert the **Local Meals Rate** and **Local Incidental Rate** from the federal website: https://www.travel.dod.mil/Travel-Transportation-Rates/Per-Diem/Per-Diem-Rate-Lookup/. This will be used to calculate the meal percentages.
3. **PART A – Computation of M&IE:**
   - **Departure Day:** Enter the fractional day based on 90 minutes prior to departure time (using the chart.
   - **Full Days:** Count every full 24-hour period between departure and return.
   - **Return Day:** Enter the fractional day based on 30 minutes after the scheduled arrival time at the employee's home airport. Use the provided quarter-day chart.
   - **Total Days:** Automatically calculated.
   - **Rate:** Enter the daily M&IE based on the information from the **DOD** website: https://www.travel.dod.mil/Travel-Transportation-Rates/Per-Diem/Per-Diem-Rate-Lookup/

     ATTACH A SCREENSHOT OF THE M&IE TO DOCUMENT THE RATE.

     Total A will automatically be calculated based on the input provided.

Locality	Seasons (Beg-End)	Maximum Lodging	Local Meals	Proportional Meals	Local Incidental	Footnote	Footnote Rate	Maximum Per Diem	Effective Date
[OTHER]	01/01 - 12/31	242	130	74	33			**405**	10/01/2025
CAMP H M SMITH	01/01 - 12/31	202	130	74	33			**365**	10/01/2025
CNI NAVMAG PEARL HARBOR-HICKAM	01/01 - 12/31	202	130	74	33			**365**	10/01/2025
FT. DERUSSEY	01/01 - 12/31	202	130	74	33			**365**	10/01/2025
FT. SHAFTER	01/01 - 12/31	202	130	74	33			**365**	10/01/2025
HICKAM AFB	01/01 - 12/31	202	130	74	33			**365**	10/01/2025
HONOLULU	01/01 - 12/31	202	130	74	33			**365**	10/01/2025
ISLE OF HAWAII: HILO	01/01 - 12/31	199	117	68	29			**345**	10/01/2025
ISLE OF HAWAII: LOCATIONS OTHER THAN HILO	01/01 - 12/31	242	144	81	36			**422**	10/01/2025
ISLE OF KAUAI	01/01 - 12/31	350	132	75	33			**515**	10/01/2025
ISLE OF LANAI	01/01 - 12/31	242	130	74	33			**405**	10/01/2025
ISLE OF MAUI	01/01 - 12/31	354	122	70	31			**507**	10/01/2025
ISLE OF MOLOKAI	01/01 - 12/31	242	130	74	33			**405**	10/01/2025
ISLE OF OAHU	01/01 - 12/31	202	130	74	33			**365**	10/01/2025

3. Enter the total M&IE cost from Worksheet B on the appropriate line on the TAF
4. **Part B – Computation of M&IE** when lodging is provided at no cost to the traveler/state. Only meals and incidentals are provided for the full days (unless meals are included in the meeting, training, etc.)

Intra-state Travel Example: Hilo, Hawaii	Local Meals	Rate/Meal		Number of Meals	Total
20% for Breakfast	$117	$23	x	1	$23.00
30% for Lunch	$117	$35	x	1	$35.00
50% for Dinner	$117	$59	x	1	$59.00
Incidental Expenses		$29	x	5	$145.00

Note: Incidental Expenses rate is not adjusted.
Note: M&IE shall not be reduced when meals are provided as part of a conference program. See CM 2012-15 for additional information.

Part C: Deduction of Meals when meals are provided.

Intra-state Travel Example: Hilo, Hawaii	Local Meals	Rate/Meal		Number of Meals	Total
20% for Breakfast	$117	$23	x	1	$23.00
30% for Lunch	$117	$35	x	1	$35.00
50% for Dinner	$117	$59	x	1	$59.00
				TOTAL C	$117.00

V. COMPUTATION OF INTRA-STATE TRAVEL (Same-Day Travel)

1. Complete the top and bottom sections, as indicated, with type of travel, travel destination, travel dates/times, traveler's name, and preparer's name(s).
2. Skip Parts A, B, and C.
3. Complete **Section D** (if applicable, traveler is entitled to a $30.00 allowance for same-day travel).
4. Enter the $30.00 allowance on the TAF.

COMPUTATION OF LODGING EXPENSES: WORKSHEET C

I. **PER DIEM** is an allowance for **lodging**, meals and related incidental expenses. A maximum specified amount for each day of authorized intra-state or out-of-state travel is established by collective bargaining agreements. The collective bargaining agreement effective July 1, 2026, has been revised to align with the federal rates.

II. WORKSHEET C is used to document lodging quotes, identifies the selected property, and calculates excess lodging costs. It ensures compliance with State travel requirements for both intra-state and out-of-state lodging stays, including the requirement of multiple quotes.

Travelers who receive lodging at no cost, whether through accommodation with family or friends, are not eligible to receive lodging expenses.

1. Select travel type (one box only):

Check One:		**HAWAII, ALASKA, AND FOREIGN COUNTRIES (OCONUS)** Click here to look up OCONUS Rates
		48 CONTIGUOUS STATES & DISTRICT OF COLUMBIA (CONUS) Click here to look up CONUS rates

Intra-state and Out-of-State travel require a minimum of **two** authorized quotes nearest the place of business/meeting/conference, unless staying a conference hotel.

Conference Hotel must be checked if the traveler is staying at a conference hotel (does not require additional quotes).

2. Complete the check-in/out dates.
3. Complete destination (of authorized business).
4. Complete the lodging/hotel information:
   - The number of nights will be calculated based on the check-in & check-out dates.
   - Rates: Insert the daily and total Lodging/hotel rates including taxes and mandatory fees, including the Federal Maximum Rates.
   - Excess lodging will be automatically calculated and displayed, as applicable.

Selected Hotel	Name of Hotel	Number of Nights	Hotel Rate (per day, incl. taxes & fees)	Total Hotel Rate	Federal Max Lodging (Per Night)	Total Federal Max Lodging	Total Excess Lodging
	Someplace		$386.28	$764.56			$56.56
X	Nowhere		$355.00	$710.00	$354.00	$708.00	$2.00

Excess Lodging refers to expenses that exceed the federal allowable rate established by the Department of Defense or the General Services Administration (GSA).

Intra-State and foreign destinations: https://www.travel.dod.mil/Travel-Transportation-Rates/Per-Diem/Per-Diem-Rate-Lookup/

Locality	Seasons (Beg-End)	Maximum Lodging	Local Meals	Proportional Meals	Local Incidental	Footnote	Footnote Rate	Maximum Per Diem	Effective Date
ISLE OF MAUI	01/01 - 12/31	354	122	70	31			507	10/01/2025

Locality	Seasons (Beg-End)	Maximum Lodging	Local Meals	Proportional Meals	Local Incidental	Footnote	Footnote Rate	Maximum Per Diem	Effective Date
LONDON	01/01 - 12/31	424	139	79	35			598	06/01/2025

5. When the lowest-priced lodging or hotel is not chosen, a justification for the selection must be documented.

COMPUTATION OF GROUND TRANSPORTATION EXPENSES: WORKSHEET D

I. GROUND TRANSPORTATION

Worksheet D is used to document all ground transportation expenses related to official State travel. It includes but not limited to: Intra- and out-of-State car rentals, ride-share, taxis, shuttles, parking, and public transportation.

A. Intra-State Car Rentals

1. Executive Branch Departments are required to use the Intrastate Car Rental Contract, PL25-04 (or as amended).
2. Car size is limited to a compact car, unless other justified and approved by the department's approving authority. Traveler is personally responsible for deviations (i.e. upgrades).
3. Insurance. The State is self-insured; therefore, travelers do not need to purchase insurance. Any insurance purchased is the personal responsibility of the traveler.

B. Out-of- State Car Rentals

1. Travelers shall use airport and/or hotel shuttle whenever possible. If a car rental is necessary, a minimum of two quotes for a compact car from two different sources, for authorized travel, are required. The pCard may not be used for out-of-state car rentals.
2. Car rentals may be used only when no other cost-effective means are available. Employees are personally responsible for deviations (upgrades, overtime, extensions).
3. Insurance: Loss Damage Waiver (LDW), or Collision Damage Waiver (CDW), or Physical Damage Waiver (PDW) are the ONLY insurance options permitted and reimbursable by the State. All other insurance options are the personal responsibility of the traveler.

II. WORKSHEET D – Computation of Ground Transportation

A. Worksheet D – Intra or Out-of-State Car Rental

Complete the following:

- Pick-up and drop off locations
- Pick up and return dates
- Daily rental rate, including any mandatory fees (for intra-state use the drop-down box to select the duration (daily/weekly/monthly)
- Number of authorized days for the car rental
- Total cost for the authorized dates
- Justification for not renting a compact sized car

B. Worksheet D - Other Ground Transportation Costs

This section captures all **non-rental-car transportation expenses**. Complete the following fields:

- Taxi or Ride Share: Estimated total costs
- Airport/Hotel Shuttle: Estimated shuttle fares
- Parking: Parking fees related to official travel
- Other (subway, bus, rail, metro, etc.): Any public transit used
- Total Estimated Cost: Sum of all ground transportation expenses

TRAVEL APPROVAL FORM (TAF)

The Travel Approval Form is used to capture all estimated costs from the applicable worksheets and secure written approval from the traveler and approving authorities.

1. Destination: Check the appropriate travel destination designation

TRAVEL APPROVAL FORM

Check One:	**OCONUS (Foreign or Alaska):**		**CONUS (Contiguous 48 States):**	
	Intra-state Same Day:		**Intra-state Overnight Travel:**	

2. Traveler Information – Complete all areas, including a justification for the travel

Name of Traveler:		**Phone:**	
Position/Title:		**Bargaining Unit:**	
Dept./ Div. / Office:			
Contact Person:		**Phone:**	
E-mail Address:			
Justification: (Attach additional sheets if necessary including conference/meeting agenda and training			

3. Event Information – Complete all areas

Date & Time Event Begins:		**Date & Time Event Ends:**	
(Indicate time employee needs to be at destination including any preconference meetings, etc.)			
Location(s) of Event:			

4. Cost Information – Gather expense information from the Worksheets and input in the appropriate sections.

COST INFORMATION	
Worksheet A: Airfare/Baggage Expenses	
Worksheet B: Meals & Incidental Expenses	
Worksheet C: Lodging Expenses	
Excess Lodging	
Worksheet D: Ground Transportation Expenses	
Other Expenses (registration fee, training, materials, etc.)	
Describe Other Expenses:	
TOTAL	$0.00
Program ID:	**Appropriation Symbol:**

5. Route the TAF and applicable worksheets to the traveler for affirmation of travel costs and check the box affirming that the traveler is entitled to reimbursement for expenses, not previously advanced.

Traveler Signature	Date	☐ *By checking this box, the employee affirmatively agrees to personally fund travel costs in lieu of a travel advance, with the understanding that they will be reimbursed following the submission of a Statement of Completed Travel.*
Traveler Name		

6. Route the TAF to department's requesting and approving authority as required by departmental procedures.
7. Upon receiving signed approval, traveler (or designee) can proceed with making definite travel reservations.
8. An amended TAF is required only if changes are made to the travel dates, destination, and purpose.

STATEMENT OF COMPLETED TRAVEL

Statement of Completed Travel, Form SPO-031, (May 2026) shall be used for all submissions. Failure to use the form may result in delays and/or re-submission.

The Statement of Completed Travel, with all applicable worksheets, supporting documents, and receipts are to be submitted within 10 working days upon return to duty. Failure to submit the Statement of Completed Travel in a timely manner may delay the traveler's reimbursement.

Complete ALL applicable sections:

I. **Travel/Traveler Information**

a. Check the appropriate type of travel (only one allowed)

STATEMENT OF COMPLETED TRAVEL

Check	OCONUS (Foreign or Alaska):	x	CONUS (Contiguous 48 States):	
One:	Intra-state Same Day:		Intra-state Overnight Travel:	

b. Complete the traveler information and business destination dates/times based on the flight information

as followed.

Travel Location:				
Business-Only Departure Date:			Time:	
Business-Only Return Date:			Time:	
Personal Deviation (if applicable):		to		

Air Transportation					
Paid by (check one):	pCard:		Traveler:	Third Party:	
				Total Airfare & Baggage Cost to State:	
				Total Reimburseable Airfare & Baggage:	

II. **Air Transportation** Information – indicate how payment was made

a. Total reimbursable Airfare & Baggage should only be completed if the traveler paid for the airfare

Air Transportation					
Paid by (check one):	pCard:		Traveler: x	Third Party:	
				Total Airfare & Baggage Cost to State:	
				Total Reimburseable Airfare & Baggage:	$1,000.00

b. If payment made by pCard or a third party, indicate Total Airfare & Baggage Cost to the State.

Air Transportation						
Paid by (check one):	pCard:	x	Traveler:		Third Party:	
				Total Airfare & Baggage Cost to State:		$1,000.00
				Total Reimburseable Airfare & Baggage:		

III. **Meals & Incidentals Expenses**

a. Ensure all relevant sections are accurately completed for CONUS or OCONUS, including any meals that are added or deducted
b. The selection of CONUS, OCONUS, or Intra-State travel will dictate which section you will be allowed to complete.

Meals & Incidental Expenses- CONUS ONLY

M&IE for CONUS- (Full or fraction days)

Dept. Day	Full Days	Rtn. Day	Total Day	Rate	Total
0.50	1.00	0.25	1.75	$ 180.00	$ 315.00

	Meal when lodging is provided			DEDUCT meals provided at no cost		
	Rate	Days	Total	Rate	Days	Total
Breakfast	$ 20.00	1	$ 20.00	$ 20.00	1	$ 20.00
Lunch			$ -			$ -
Dinner			$ -			$ -
Incidental			$ -			
Total			$ 20.00			$ 20.00

Net Meal Allowance (CONUS): $ 315.00

Meals & Incidental Expenses- OCONUS MULTI DAY ONLY

Local Meals Rate: $ 200.00
Incidental Rate: $ 50.00

M&IE for OCONUS- (Full or fraction days)

Dept. Day	Full Days	Rtn. Day	Total Day	Rate	Total
0.50	1.00	0.50	2	$ 250.00	$ 500.00

			Meal when lodging is provided		DEDUCT meals provided at no cost	
	Pct	Rate	Days	Total		Total
Breakfast	20%	$ 40.00	1	$ 40.00	1	$ 40.00
Lunch	30%	$ 60.00	1	$ 60.00	1	$ 60.00
Dinner	50%	$ 100.00	1	$ 100.00	1	$ 100.00
Incidental		$ 50.00	2	$ 100.00		
				$ 300.00		$ 200.00

Net Meal Allowance (OCONUS MULTI DAY): $ 600.00

IV. **Lodging Expenses**

a. Complete column 1 if the nightly rate remained the same throughout the stay
b. Complete columns 2 and/or 3 if the nightly rates change, or a 2nd/3rd hotel was needed
c. Calculate the Total Lodging Cost and Reimbursement Cost.

Lodging Expenses				
	Rate 1	Rate 2	Rate 3	
Number of Days:	2	2	2	
Room Rate:	$199.00	$250.00	$135.00	
Total Hotel Rate:	$398.00	$500.00	$270.00	
Federal Max Lodging (per night):	$150.00	$150.00	$150.00	
Total Federal Max Lodging:	$300.00	$300.00	$300.00	
Total Excess:	$98.00	$200.00	$0.00	
			Total Lodging Cost to State:	
			Total Reimburseable Lodging Cost:	

V. **Other Reimbursable Expenses**

a. Indicate additional expenditures (must be accompanied by corresponding receipts)
b. If entitled to mileage reimbursement, the rate is based on the information from Comptroller Memorandum on "Standard Mileage Rate Announced by the Internal Revenue Service (IRS)"

Other Reimbursable Expenses			
Car Rental & Gas:	$ 900.00	Parking/Milage:	$ 50.00
Ground Transportation:			
Other (Specify)	Amount		
something	$ 50.00		
something else	$ 25.00		
more stuff	$ 15.00		
		Total Other Expenses:	$ 1,040.00

VI. **Accounting**

a. Document the amounts paid by the State or a third party
b. Document the amount reimbursable to the traveler
c. Document the amount that was advanced to the traveler

The following is an accounting of funds used for travel expenses		
A) Expenses Paid directly by state (PO or pCard) or third party:		
B) Lodging, M&IE, and Reimburseable Expenses:		
C) Advanced by State Warrant		
P.O. No.	DBRN No.:*	

VII. **Total Reimbursement or (Due to the State)**

a. Determine the total reimbursement amount, deducting any advance payments made to the traveler
b. If the amount of an advance payment exceeds the reimbursable expenses, payment from the traveler for the amount due shall be submitted with the Statement of Completed Travel.

Total Reimbursement OR (Due to State of Hawaii)*:	
*Attach check if necessary	

VIII. **Signatures**

a. Submit the form with all documentation and receipts for signatures

IX. **Complete Statement of Travel Package**

a. Documentation Required
   i. Approved (or Amended) TAF and all applicable worksheet
   ii. All receipts for reimbursable expenses (including lodging & ground transportation)
   iii. Copy of the boarding pass(es) or digital copy
   iv. Any other documents required by the department

ADDITIONAL TRAVEL RELATED INFORMATION

MILEAGE REIMBURSEMENT- (HAR 3-10-13(b)(3)(A)

With the approval of the department head or designee, employees may be reimbursed for mileage when using a privately-owned vehicles to travel between home and the transportation terminal and occurs outside the employee's normal working hours.

If the travel occurs during the employee's normal working day, at a time the employee usually commutes to or from work, mileage reimbursement is allowed only for the miles that are in addition to the usual commuting trip.

The mileage reimbursement rate based on "Standard Mileage Rate Announced by the Internal Revenue Service (IRS)". See Comptroller Memorandum 2026-01, or as amended.

TRAVEL TIME OFF- HGEA SETTLEMENT AGREEMENT (BUS 2, 3, 4, 9 & 13)

The following provisions are contained in the HGEA Settlement Agreement regarding work-related travel.

- Only applicable to same day travel for employees who may earn overtime.
- To the extent possible, official business and associated work-related travel are to occur within the employee's workday. If it is not feasible, the employee's supervisor and the employee may agree to adjust the employee's work schedule so that work-related travel can be conducted during the employee's workday. The employee is not entitled to overtime when an adjustment is made.
- If the employee performs work-related functions, after the end of the employee's scheduled workday, time spent working is work time, and may be entitled to overtime.
- Waiting time is not travel time. Travel time is defined as:
    - For departure from the employee's home island, travel time begins thirty (30) minutes prior to the scheduled departure time and ends at the start of the employee's workday.*
    - For return to the employee's home island, travel time begins when the workday ends on the employee's non-home island.
    - If the employee delays return to the home island, travel time ends at the scheduled arrival time on the earliest flight that the employee could have returned on.
    - For return to the employee's home island, travel time ends at the scheduled or actual arrival time, whichever is later.
    - Travel time is rounded to the nearest fifteen (15) minutes.
- Travel time does not count toward the forty-hour work week limitation.
- Employees who earn travel time shall accumulate travel time off, unless the applicable authority elects to pay the employee for the travel time off or cannot allow the employee to take the travel time off within the specific period.
- Travel time off must be taken within two pay periods, after the pay period in which it was earned. Travel time off not taken within the two pay periods, shall be forfeited, unless the request for time off was disapproved. In such instances, the employee shall be paid for the travel time.

- Use of travel time off must be requested at least one week prior to the end of the period in which it must be used.
- Accumulated travel time off is forfeited when the employee leaves the position.
- Travel time off and travel time payment is calculated at one-and-a-half hours for each hour.
- The "Travel Time Form," available on the SPO website shall be used to document any travel time earned.

*HGEA Travel Time Off rules are separate from the computation of M&IE.

Compliance Office Quarterly Report

Employees' Retirement System of the State of Hawai'i

Board of Trustees · September 2026
Chief Compliance Officer · Kona Mann

Today’s Governance Discussion

01	**Executive Summary**	Key messages, top figures and the Committee ask in one view.
02	**Orientation & Reporting Model**	How to read the package and who owns each layer of reporting.
03	**ERM Development Roadmap**	What RSM is building and when the Committee should expect more mature risk reporting.
04	**Risk Universe**	The complete preliminary inventory and why it should not be read as a current-state assessment.
05	**Near-Term Enterprise Priorities**	Human capital, cybersecurity, employer reporting, procurement, financial reporting and modernization.
06	**Modernization Outlook**	Current governance concerns, general sequencing and the next 90 days.

Executive Summary

Overview of key matters, priorities, and status updates

01	**Reporting Model**	Compliance Office has established a direct reporting relationship with the A&AC. Compliance, KMH, RSM reporting are aligned to provide one consistent view, with clear roles and no gaps or duplication. .
02	**ERM Development**	RSM is building formal ERM and cybersecurity capability; the validated risk assessment and heat map are due November 2026.
03	**Risk Universe**	20 risks are identified across governance, financial, cyber, compliance and strategic categories; scoring is not yet formally validated.
04	**Near-Term Priorities**	Six areas warrant near-term visibility: human resources, cybersecurity, employer reporting, procurement, financial reporting and modernization.
05	**Modernization**	Critical work is defined; branch capacity, timely decisions and ownership now determine whether ERS can protect operations and keep the project moving.

BOARD TAKEAWAY | Known issues are being addressed. The near-term test is whether management can set priorities, assign ownership and protect the capacity needed to deliver.

Orientation – What the Board Should Know

ERS is strengthening several governance capabilities at the same time. This report is intended to give the Administration and Audit Committee a simpler, more consistent view of governance activities across the ERS.

WHAT NEEDS ATTENTION NOW

- Is reporting approach moving in the direction Trustees intended?
- Does the report provide the right Board lens: what matters, management's response, who is accountable, when can completion be expected, and what come's next?

WHAT IS BEING BUILT

- Formal ERM assessment and validated risk prioritization.
- Business continuity / disaster recovery maturity.
- Optro-enabled governance and risk reporting.

HOW TO READ TODAY'S REPORT

- Compliance provides the integrated enterprise view.
- RSM provides detailed ERM and cybersecurity reporting.

KMH provides independent audit assurance; Branch Chiefs own management remediation and progress reporting.

REPORTING APPROACH | The A&AC reviewed this reporting model. Future reports will continue using the Board-level governance lens.

How Governance Reporting Fits Together

The Compliance Office provides the integrated governance context. Detailed risk, technical and assurance reporting remains with the responsible management owners and assurance partners.

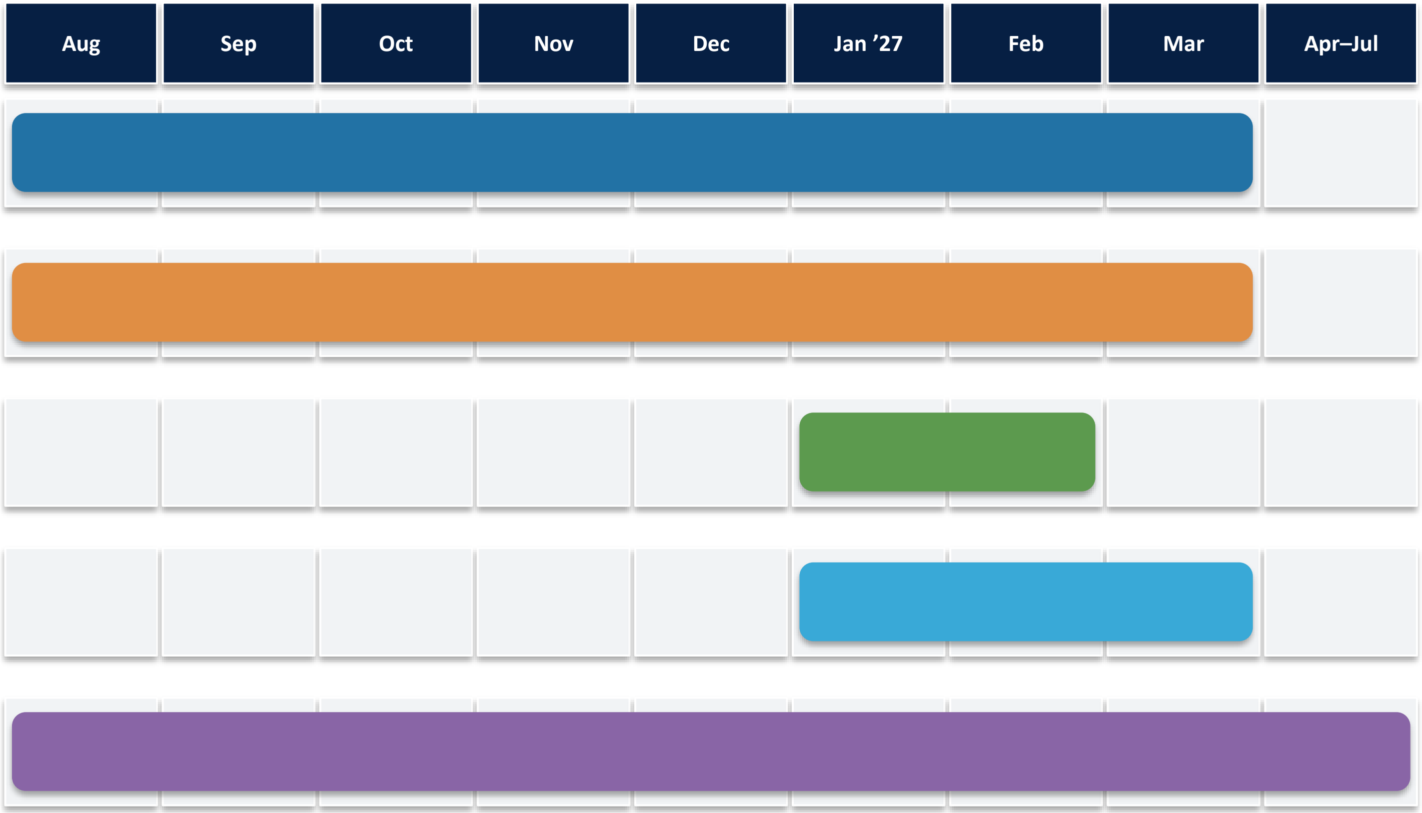
01	**Compliance Office**	Integrated enterprise view: significant governance matters, cross-functional dependencies, near-term priorities and Board context.
02	**RSM – ERM & Cybersecurity**	Formal ERM methodology, assessment and scoring validation; detailed cyber risk posture, incident response and remediation reporting.
03	**KMH – Internal Audit**	Independent assurance: audit results, open findings, and validation of whether corrective actions are sufficient to support closure.
04	**Branch Chiefs / Management**	Own corrective action plans, target dates and evidence; report remediation progress and barriers; escalate delays requiring executive support.

Governance principle: management owns remediation; Internal Audit independently validates closure; Compliance integrates significant matters for Committee & Board oversight.

Risk & Resilience Program Roadmap – RSM Workstreams

Employees' Retirement System of the State of Hawaii

The RSM calendar provides the delivery sequence behind ERS's emerging cyber, ERM, resilience and GRC capabilities. Reporting reflects these milestones.



vISO / Cyber	IA remediation through Mar ’27 • IR process Aug ’26 • Cyber risk assessment Sep ’26 • TPRM Jun–Sep ’26
ERM	Plan Aug • Interviews Sep • Prioritize Oct • Assessment + heat map Nov • Mitigation templates Dec • Risk appetite Jan ’27 • Executive dashboards Mar ’27
Organizational Resilience	BCPs/ continuity assessment and refresh Jan–Feb ’27
Disaster Recovery	Assessment Jan–Feb ’27 • Tabletop Mar ’27
Optro	Health check Sep ’26 • Optimization Oct–Jan • Training Dec–Feb • Visualizations Jan–Mar • Automations Apr–Jul ’27

BOARD TAKEAWAY | ERM & Disaster Recovery are still being built. The validated enterprise risk assessment and heat map are scheduled for November 2026; resilience and disaster recovery work follows in early 2027; Optro reporting capability matures progressively through 2027.

Why This Is Not Yet a Current-State ERM Report

Employees' Retirement System of the State of Hawaii

The current risk information is a transitional governance view. It gives the Committee visibility now, but the formal assessment work needed to validate likelihood, impact and prioritization is still underway.

What We Have Now

- Risks carried forward from management input, prior audit work and the existing ERS Risk Dashboard.
- A complete preliminary risk universe.
- Six near-term priorities selected for Board visibility based on known conditions and active governance matters.

What We Do Not Yet Have

- A facilitated enterprise-wide assessment across leadership and branches.
- Formally validated likelihood and impact scoring.
- Validated residual risk, risk appetite or treatment prioritization.

What RSM Will Add

- Structured interviews and facilitated prioritization.
- A refined risk register and consistent terminology.
- Validated assessment / heat map and treatment planning.
- A repeatable ERM reporting process.

BOARD TAKEAWAY | Use the current slides to understand the breadth of risk and management's near-term concerns—not as a final ranking of enterprise risk.

ERM Program Approach

	Objectives	Key benefits	Outputs
Phase I **Current state assessment and future state design**	Understand the current state of risk management activities and identify challenges towards taking a more strategic and enterprise-wide approach to risk management. **Completed**	• Greater understanding of existing risk management activities (foundation for sustainable ERM infrastructure) • Executive input on desired future state resulting in specific enhancements to optimize the program for the organization	• ERM gap assessment report • ERM project checklist • ERM implementation road map based on the desired level of capability
Phase 2 **Enterprise risk assessment**	Objectives include identifying and prioritizing critical risks, performing gap analysis of the current and desired proficiencies in managing risks allowing the organization to allocate resources to areas of greatest importance. **In Progress**	• Utilizes the results of the risk assessment to direct resources toward areas of greatest threat and opportunity • Establishes clarity with regard to mitigating identified risks or exploiting identified opportunities	• Significant risks by business and strategic objective • Enterprise-wide risk register • Top risk heatmap & prioritization of risks • Summary reports & presentations to Management and the Board
Phase 3 **ERM framework implementation**	Develop and implement critical framework elements of an effective ERM program, including aspects of governance, risk appetite/tolerances, risk identification, assessment, response and reporting. **Ongoing**	Provides management with additional resources and subject matter experience to support the implementation of critical ERM components.	Examples include charters, communication plan, risk reporting tools, dashboards, risk mitigation templates, risk appetite statements, key risk indicators (KRIs) and ERM training materials.

Enterprise Risk Assessment

An **enterprise risk assessment** is designed to enable management and other key stakeholders to identify and agree the key risks facing the organization through a rigorous process of discovery and assessment.

Prepare	Conduct & Validate			Finalize & close	
Benchmarking and ERA prep	**Conduct individual 30-minute discussions Management**	**Draft risk register and conduct follow-up discussions, as needed**	**Develop risk rating scales through collaboration and determine significant risks for prioritization**	**Conduct risk prioritization workshop with LT**	**Post Workshop**
	Identify risks and opportunities *Capture risk categories & descriptions* *We will conduct ~20 interviews*	*Review draft risk register ahead of risk workshop.*		*Calibrate outputs, generate top risks heatmap, and document report of ERA*	*Agree on top risks for further assessment and identify executive sponsors & risk owners*

Preliminary Enterprise Risk Universe – Complete Inventory (1 of 2)

Governance | Operational | Financial | Cyber / Tech | Compliance | Strategic

Complete inventory of risks currently identified by ERS. Category colors show the shape of the risk universe before formal ERM validation.

Risk	Risk Category	Responsible	Accountable
Employer Reporting	Compliance & Regulatory	RBB + Accounting/Work Reports + PS	CCO
Legislative / Regulatory Changes	Compliance & Regulatory	Program Specialists	Executive Leadership + Board + AG
IT Operations / System Downtime	Cybersecurity & Technology	I/S Branch	I/S Branch Chief + DED
Cybersecurity / Data Breach or Ransomware	Cybersecurity & Technology	I/S Branch/ I/S Branch Chief + vISO + CCO	I/S Branch Chief + CCO
Investment Market Risk	Financial	Investments + CIO	CIO + Executive Director + Board
Cash Flow / Liquidity	Financial – Cash Management	Accounting + Investments	Accounting Branch Chief
Financial Reporting / ACFR	Financial – Reporting	Accounting Branch + Accounting Branch Chief	Accounting Branch Chief + DED
Litigation / Legal Cost Exposure	Financial – Legal	Executive Leadership + AG	Executive Director + AG’s
Insufficient Staffing	Governance – Human Resources	Branch Leadership + HR	DED
Succession / Knowledge Loss	Governance	Branch Leadership + Executive Management	DED

** Preliminary view only. ERS has not completed a formal enterprise risk assessment; likelihood, impact, ranking and prioritization have not been formally validated. RSM’s formal ERM assessment sequence culminates in delivery of the assessment and heat map in November 2026.*

Preliminary Enterprise Risk Universe – Complete Inventory (2 of 2)

Governance | Operational | Financial | Cyber / Tech | Compliance | Strategic

Complete inventory of risks currently identified by ERS. Category colors show the shape of the risk universe before formal ERM validation.

Risk	Risk Category	Responsible	Accountable
Staff Mobility / Retention	Governance	Branch Leadership + HR	Executive Leadership
Contracting & Procurement	Operational	Procurement + Branch Leads	Accounting Branch Chief + DED
Budget Development	Operational	Accounting Staff + Accounting Branch Chief + Executive Leadership	Executive Director
Member Operations / Benefit Processing	Operational	RBB/Member Services + Benefits	DED
Business Continuity & Recovery	Operational	Branch Leadership + Executive Leadership	CCO
Vendor Management	Operational	Branch Leadership + CCO + DED	Branch Leadership
Employee Safety / Working Conditions	Operational – Crisis Management	Branches + Executive Management	Executive Director
Budget Autonomy / External Approvals	Strategic	Executive Leadership	Executive Director
Internal Communication / Priority Alignment	Strategic	Program Specialists + Executive Leadership	Executive Leadership
Obsolete Systems & Processes	Strategic – Innovation	I/S Branch + I/S Branch Chief + Branch Leads	I/S Branch Chief + DED

** Preliminary view only. ERS has not completed a formal enterprise risk assessment; likelihood, impact, ranking and prioritization have not been formally validated. RSM's formal ERM assessment sequence culminates in delivery of the assessment and heat map in November 2026.*

Near-Term Enterprise Priorities – Preliminary View

Employees' Retirement System of the State of Hawaii

Six areas are highlighted for near-term visibility based on known operational conditions, open remediation work and current management activity. They are not formally ranked or scored.

20
risks in preliminary universe

6
areas highlighted for visibility

Nov 2026
RSM assessment / heat map

01	**Governance – Human Capital**	Vacancies, succession and institutional knowledge.
02	**Cybersecurity**	Third-party exposure and evolving threats.
03	**Employer Reporting**	Employer data quality and timeliness.
04	**Procurement & Contracting**	Procurement capacity and process throughput.
05	**Financial Reporting / ACFR**	Overdue reporting and dated procedures.
06	**Modernization / Legacy PAS**	Readiness and contract dependencies.

* Preliminary management view only. Formal ERM assessment, scoring and prioritization will be informed by RSM's work through November 2026.

Industry Benchmark Risks

Top public pension plan risk themes show how ERM can give the Board a shared, forward-looking view of exposures, ownership and response priorities.

1 Funding adequacy

Insufficient plan funding may lead to an inability to meet future benefit obligations, resulting in increased employer contributions and financial strain.

WHY IT MATTERS

Supports oversight of long-term benefit sustainability and potential pressure on State and county budgets.

2 Investment performance

Unfavorable investment performance may lead to asset value deterioration, resulting in a decline in funded status.

WHY IT MATTERS

Investment earnings help fund benefits, so downside performance can increase unfunded liabilities and required contributions.

3 Actuarial assumptions

Inaccurate actuarial assumptions may lead to understated liabilities, resulting in unexpected funding shortfalls and contribution increases.

WHY IT MATTERS

Assumptions on longevity, inflation, payroll growth and returns shape reported liabilities and funding strategy.

4 Liquidity

Insufficient liquidity may lead to challenges meeting benefit payments, resulting in forced asset sales or financial losses.

WHY IT MATTERS

Benefits must be paid through market cycles, making cash-flow visibility and liquid asset capacity essential.

5 Cybersecurity

A cybersecurity incident may lead to unauthorized access or system disruption, resulting in financial loss, privacy impacts and reputational damage.

WHY IT MATTERS

ERS maintains sensitive member, beneficiary, payroll and financial information and relies on systems to deliver services.

6 Governance and fiduciary oversight

Ineffective governance may lead to poor strategic or investment decisions, resulting in financial loss and reduced stakeholder confidence.

WHY IT MATTERS

Trustees must oversee prudent management of assets and risks in the interests of members and beneficiaries.

7 Regulatory compliance

Noncompliance with IRC §401(a) and other requirements may lead to corrective action or qualification issues, resulting in financial and reputational impacts.

WHY IT MATTERS

Maintaining plan qualification and accurate reporting protects plan integrity and member confidence.

8 Pension administration

Administrative errors may lead to inaccurate benefit calculations or payments, resulting in disputes, remediation costs and regulatory scrutiny.

WHY IT MATTERS

High-volume, rule-based benefit processing directly affects members and can require costly correction when errors occur.

9 Third-party service providers

Inadequate provider performance may lead to service failures or errors, resulting in operational disruption and compliance issues.

WHY IT MATTERS

ERS depends on actuaries, investment managers, custodians and other specialists for critical activities.

10 Legislative and political change

Legislative or political change may lead to modified benefits, funding or governance requirements, resulting in uncertainty and financial impact.

WHY IT MATTERS

As a public pension system, ERS is exposed to statutory decisions and competing public-sector funding priorities.

Sources: Public pension industry risk frameworks and guidance published by the Association of Public Pension Fund Auditors (APPFA), Public pension funding and sustainability research (Stanford University)

Governance - Human Resources – Near-Term Priority

Vacancies are being actively addressed; the next governance challenge is converting hiring activity into operational capability.

Current Remediation Process:

Recruit
Fill priority vacancies

Onboard
Orient new staff

Train
Role-based capability

Transfer
Institutional knowledge

Sustain
Back-up coverage

Why It Matters

- Staffing gaps increase dependency on experienced employees.
- Retirements and turnover can accelerate knowledge loss.
- Modernization adds workload while ERS rebuilds capacity.

Management Response

- DED is coordinating with B&F to advance recruitment and fill priority vacancies.
- Leadership is aligning hiring activity to critical operations and modernization needs.
- DED anticipates all related recruitment actions to be addressed before the end of the calendar year.

What Comes Next

- Vacancy progress.
- Onboarding and training readiness. Develop SAT training policy, update staff handbook, update/develop branch procedures and training materials.
- Monitor whether staffing gains reduce operational bottlenecks.

ACCOUNTABILITY **DED**

Cybersecurity – Near-Term Priority

Cybersecurity remains elevated. This Compliance update provides enterprise context; RSM's cyber report carries detailed remediation and incident-specific reporting.

01 **Third-Party Breaches** — Vendor and data exposure risk requires sustained escalation and oversight.

02 **Active Remediation** — vISO roadmap, incident response, vulnerability management and third-party risk governance continue.

03 **Detailed Reporting** — RSM to provide current cyber posture, remediation progress, challenges and next actions.

CURRENT FOCUS **Third-party risk • Incident response • Vulnerability management • Security roadmap**

Employer Reporting – Near-Term Priority

Employer reporting is a significant operational and compliance exposure because inaccurate or untimely employer data can flow directly into member records and benefit administration.

Current Audit Process:

Employer Data → ERS Validation → Compliance Review → Findings → Corrective Action → Annual Trend Analysis

Why It Matters

• Act 87 testing covers class-code reporting, personnel-interface transactions and payroll reporting.

• Baseline compliance requirements include submission timing, file, format/content, action-code mapping, overpayments and corrections.

Management Response

• A dedicated ERS/KMH team is in place to conduct compliance reviews, communicate findings and recommendations, and work with employers on corrective actions.

• Testing results are aggregated and reviewed annually to identify improvement opportunities.

What Comes Next

• Complete the current FY26 testing cycle and employer exit meetings.

• Track recurring findings and corrective actions by employer / requirement.

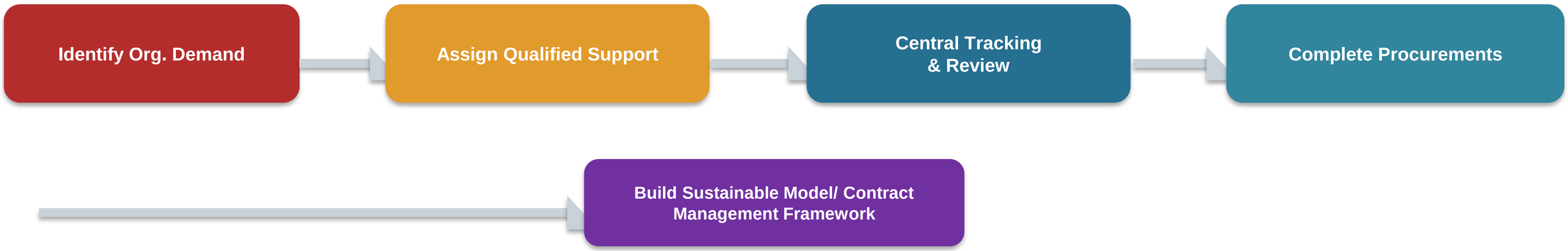
• Use results to focus member/employer outreach, training and future remediation. Update internal ER processes and procedures.

ACCOUNTABILITY CCO

Contracting & Procurement – Near-Term Priority

ERS currently lacks a dedicated procurement specialist. The immediate objective is to maintain required procurement throughput while the vacancy is filled without weakening delegation, training or controls.

Current Remediation Process:



Why it Matters

Procurement capacity affects contracts, vendor support and timely execution of agency needs.

Management Response

Qualified branch staff are supporting procurement activity with centralized tracking and review while the vacancy is addressed. KMH is also supporting development of a more centralized procurement and contract-management framework.

What Comes Next

Continue recruitment, confirm roles / training and build the procurement improvement roadmap. KMH's August work includes establishing planned activities, target dates and resource needs for priority improvement initiatives. Establish process & procedures.

ACCOUNTABILITY **Accounting Branch Chief + DED**

Financial Reporting / CAFR – Near-Term Priority

Financial reporting remains overdue and requires sustained remediation, but management action is underway. The governance objective is to restore a reliable reporting cadence.

Current Remediation Process:

Overdue Reporting → Document Policies & Procedures → Develop Process To Track Errors and Improve Employer Communication → Training → Monitor Progress

Why It Matters

Timely financial reporting supports management visibility, audit readiness, accountability and continuity of the Accounting function.

Management Response

- Accounting and KMH are developing the financial-reporting framework, policies, procedures, training and CAFR process improvements, including clearer ownership and milestones.
- Remaining associated activities concerning the 2025 CAFR to be completed by the end of August.

What Comes Next

Work to the agreed remediation schedule: financial-reporting framework policies target November 2026; related procedures and training target March 2027. Continue monitoring budget visibility and accounts-payable process improvements.

ALSO MONITOR Budget visibility • Accounts-payable timeliness • Internal Audit corrective actions

ACCOUNTABILITY Accounting Branch Chief + DED

Modernization Timeline – General Sequencing

Project approach is framed in three periods. Actual dates remain dependent on contract execution and the approved implementation schedule.

Pre-Migration

~12 Months

- Assess / capabilities
- Data profiling
- Workflows / BPI
- OCM strategy
- Tech / Cyber / EA review

Migration

~24 Months

- Project management
- Testing
- OCM & training
- Implement BPI

Post-Migration

~12 Months

- Stabilization
- Confirmation
- Continued OCM / training

NEXT 90 DAYS

AUGUST

Close pre-migration readiness work

- Test candidate / script approvals / JIRA ticket resolution
- Data profiling updates
- Training and OCM strategy development
- BPI / EA implementation work

SEPTEMBER

Validate and prepare for transition

- Data Cycles 7–8 and assessment runs
- Training strategy approval
- OCM leadership / feedback activities
- Complete Aquarius pre-migration build

OCTOBER

Begin migration-phase activities

- Start data migration services
- Testing assessment begins
- Launch phased rollout / member & employer improvements
- Finalize BPI and OCM deliverables

BOARD TAKEAWAY | The next 90 days are about closing pre-migration readiness work, validating transition readiness, and beginning migration-phase activity as dependencies allow.

Modernization & Branch Readiness – Near-Term Priority

The critical workstreams are known. The immediate risk is continued delay when branch priorities, staff capacity or decisions are not resolved quickly enough.

Current Board Lens:

Set Priorities → Own Decisions → Protect Capacity → Prepare People → Deliver Both

Why It Matters

Testing, data remediation, defect support and process documentation require sustained branch time. Delay in decisions or staffing pushes work downstream while vendor and project costs continue.

Management Response

- Branches may not have the capabilities and resources to close work streams.
- Branch Chiefs own the balance of operations and project work: set priorities, name decision-makers, assign staff, protect critical services and escalate capacity conflicts early.

What Comes Next

Validate the resource demand against actual workloads. Decide what continues, what can be deferred or reassigned, and where added support is required. Do not allow unresolved decisions to become schedule delay.

ACCOUNTABILITY CCO + Systems Supervisor

BOARD TAKEAWAY | Modernization cannot be managed as work added on top of operations. Branches must own the tradeoffs, make timely decisions and provide the capacity needed to deliver both.

KMHLLP

Employees' Retirement System Internal Audit

Administrative & Audit Committee Update Report

August 19, 2026

Employees' Retirement System
of the State of Hawaii

Table of Contents

Report sections and corresponding page references

Executive Summary

Overview of key matters, priorities, and status updates

Employees' Retirement System of the State of Hawaii

Administrative and Other Matters

- Acting under the direction and with the support of the Administrative & Audit Committee and the Board of Trustees, Internal Audit deferred assurance engagements scheduled in the 2026 internal audit plan so that Internal Audit could assist ERS in closing longstanding non-IT audit findings and tend to other areas of the organization that warrant immediate attention. Throughout this effort, no ERS management responsibilities or ownership will be assumed by IA.
- Regular meetings between Internal Audit and Executive Management remain ongoing, ensuring leadership stays informed of audit activities while emerging organizational needs are discussed. Meetings with the Executive Director and Interim Deputy Executive Director took place in July, and beginning in August, biweekly meetings will be arranged for Internal Audit to report on the status of audit finding remediation and other support initiatives.
- Weekly discussions are held with the Chief Compliance Officer ("CCO") as a means of tracking active ERS and CCO initiatives, among them the remediation of internal audit findings, the V3locity Migration, and Risk & Resiliency workstreams covering vISO support, Enterprise Risk Management, and business continuity and disaster recovery planning.

Risk Assessment Re-Evaluation & Two-Year Audit Plan

- The Risk Assessment Re-Evaluation process will begin this month and will include the development of the 2027-2028 Internal Audit Plan.
- In September 2026, Internal Audit will be scheduling and conducting interviews with Executive Management, Branch Leadership, and select Board of Trustees.
- To make the best use of participants' time and streamline the effort, interviews will be carried out jointly with the Enterprise Risk Management (ERM) team.

Executive Summary (continued)

Overview of key matters, priorities, and status updates

Employees' Retirement System of the State of Hawaii

Internal Audit Support and Remediation Activities Update (July 2026)

- Met with the Interim Deputy Executive Director to identify and prioritize key improvement initiatives. The highest-priority areas for support are summarized on Page 3.
- Developed detailed remediation workplans for all open findings and conducted meetings with responsible branches to review and align remediation activities.
- Provided training to branches with open findings on the use of Optro, ERS's Governance, Risk, and Compliance (GRC) tool, including the implementation of tasks and sub-tasks to support remediation tracking. Training included guidance on system access, status updates, and progress monitoring.
- Conducted working sessions with branches to identify and agree upon remediation sub-tasks, assign ownership, and establish target completion dates. Following completion of these activities, Internal Audit initiated recurring meetings to support remediation execution and monitor progress.

Support Tasks in Process (August 2026)

- Finalize remediation tasks, sub-tasks, ownership assignments, and target completion dates for all open findings related to the Accounting Branch.
- Develop a comprehensive improvement roadmap outlining key focus areas, workstreams, participating branches, planned activities, and target completion dates. Progress against the roadmap will be reported periodically.
- Complete assessment on the level of support required for prioritized improvement initiatives and develop corresponding workplans, timelines, and resource estimates.

ERS Priority Improvement Areas Summary

Areas in which Internal Audit is providing support

In consultation with Executive Management, Internal Audit will continue to provide support to ERS throughout the term of its contract in the priority improvement areas identified below. The table summarizes each focus area, the support to be provided by Internal Audit, and the estimated hours required to complete the work.

	Area	Support Needed	Estimated Hour Range
1.	Non-IT Open Internal Audit Findings	Assist with the remediation of seven open non-IT internal audit findings, encompassing the completion of 10 remediation tasks and related sub-tasks. Support activities will include developing and documenting draft policies, procedures, and other key documentation; enhancing operational processes and controls; and providing training.	450 to 500
2.	Accounts Payable Process	Support the implementation of a centralized procure-to-pay process, including procurement, contract management, and accounts payable, through process documentation, policy development, and enhanced invoice aging and accountability reporting.	300 to 350
3.	Budget Development and Oversight	Assist with formalizing and strengthening the budget process by documenting procedures, defining roles and responsibilities, enhancing the annual budget calendar, and standardizing periodic management reporting.	150 to 200
4.	Contracting and Procurement	Support the establishment of a centralized procurement and contract management framework aligned with Chapter 103D and SPO guidance through standardized policies, procedures, templates, core competencies for execution, and systems to track procurement and contract lifecycles.	150 to 200
5.	Annual ACFR audit process improvements	Assist in revamping the current ACFR audit management framework to improve its structure and establish a repeatable process that is clearly understood across the Accounting Branch, enhancing accountability, consistency, and oversight. This includes the creation of a master calendar and milestones, a schedule and disclosure owner accountability matrix, standardized workpapers, documentation of policies and procedures, and recurring status meetings.	350 to 400

Reports with Open Non-IT Internal Audit Finding Remediation

Open non-IT findings by review with risk rating, remediation tasks, and start and target completion dates

Employees' Retirement System of the State of Hawaii

For clarity and in response to feedback from the previous A&AC meeting, the table below provides a summary of open non-IT internal audit findings by review, including the report issuance date, finding identifier, and original risk rating. The Task column outlines Internal Audit's recommendations and the corresponding remediation timeline, including start and target completion dates.

Review Name	Report Issue Date	Responsible Branch	ID	Finding Level	Task	Start Date	Target Date
Member Enrollment & Re-Enrollment Process	April 2024	Compliance / Staff Support Services	ME-2	**High**	Develop file management, organization and storage policies and procedures that align with the State of Hawaii Records Management Branch	July 2026	February 2027
		Retirement Benefits	ME-5	**Medium**	Update Return to Work Transfers policies, procedures and process for clarity and to include reconciliation process	July 2026	January 2027
Financial Reporting Process	April 2019	Accounting	FR-3-1	**Medium**	Develop financial reporting framework policies	July 2026	November 2026*
			FR-3-2	**Medium**	Develop financial reporting framework procedures and provide training	October 2026	March 2027*
			FR-4-1	**Medium**	Develop investment accounting policies	July 2026	November 2026*
			FR-4-2	**Medium**	Develop investment accounting procedures and provide training	October 2026	March 2027*
			FR-5-1	**Medium**	Develop process to detect and track errors in employer submissions	July 2026	December 2026*
			FR-5-2	**Medium**	Enhance employer support and increase communication protocols	July 2026	December 2026*
Human Resources – Personnel Development and Retention	October 2020	Accounting	HR-2	**Medium**	For the Accounting Branch: Identify successor(s) and develop succession plan	August 2026	November 2026*
Employer Communication & Reporting Framework	July 2022	Accounting	ECR-3-1	**Low**	Develop procedures to review and process employer-specific Work Reports and use procedures to provide cross-training to Work Reports Team staff	September 2026	March 2027*

*** Target Date is subject to final approval by the Accounting Branch Manager.**

Non-IT Internal Audit Finding Remediation — Progress

Sub-task completion against open non-IT internal audit findings

Employees' Retirement System of the State of Hawaii

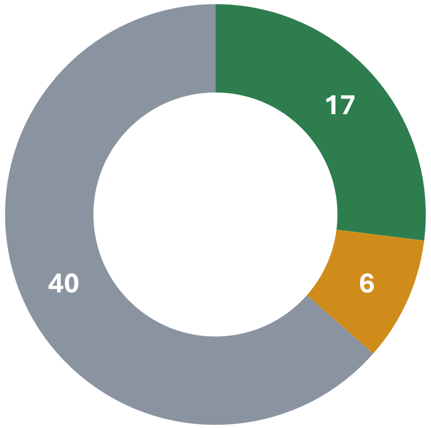
17
Sub-tasks complete

6
In progress

40
Not started

~27%
Closure rate

SUB-TASK COMPLETION — AS OF AUGUST 10, 2026



Complete · In Progress · Not Started

63 sub-tasks tracked across open non-IT internal audit findings at the prior reporting date.

~27% closed

WHAT THE MOVEMENT SHOWS

Focused Remediation Assistance
Due to competing operational priorities and ongoing initiatives, management capacity to drive remediation efforts has been limited. To accelerate progress, Internal Audit deployed a core team of five resources, with remediation activities strategically allocated across team members to support multiple workstreams and advance remediation efforts concurrently.

Remediation Workplan Development
To facilitate effective remediation and accountability, Internal Audit findings were translated into detailed tasks and sub-tasks, enabling structured execution, progress monitoring, and timely completion.

Collaborative Remediation Effort
Ongoing management engagement and collaboration with Internal Audit have facilitated information sharing, documentation gathering, and progress toward remediation objectives.

Non-IT Internal Audit Finding Remediation — Task and Sub-Task Detail

Task and sub-task status by finding, with target completion dates

The table below summarizes the overall remediation status for each finding, including the number of sub-tasks completed, in progress, and not yet started.

ID	Task	Business Risk	Target Date	Complete	In Progress	Not Started	Progress
ME-2	Develop file management, organization and storage policies and procedures that align with the State of Hawaii Records Management Branch	The lack of a formal process and documentation increases the risk of data inaccuracies, missing documentation, and non-compliance with applicable recordkeeping requirements.	February 2027	3	1	8	**8%**
ME-5	Update Return to Work Transfers policies, procedures and process for clarity and to include reconciliation process	Errors in service credit records may negatively affect retirement eligibility and benefits while requiring additional ERS resources to resolve.	January 2027	5	1	3	**56%**
FR-3-1	Develop financial reporting framework policies	Inadequate and outdated policies and procedures increase the risk of delayed decision-making and financial reporting, misaligned stakeholder expectations, and ineffective succession and knowledge transfer.	November 2026	3	1	3	**43%**
FR-3-2	Develop financial reporting framework procedures		March 2027	–	–	5	**0%**
FR-4-1	Develop investment accounting policies	Without effective alignment of policies, procedures, and training between the Investment Office and Accounting Branch, ERS faces an increased risk of material misstatements in its financial statements.	November 2026	3	1	3	**43%**
FR-4-2	Develop investment accounting procedures and provide training		March 2027	–	–	5	**0%**
FR-5-1	Develop process to detect and track errors in employer submissions	Inadequate employer reporting processes may lead to inaccurate pension liabilities, delayed financial reporting, and errors in member benefit payments.	December 2026	1	–	1	**50%**
FR-5-2	Enhance employer support increased communications with them		December 2026	1	1	1	**33%**
HR-2	For the Accounting Branch: Identify successor(s) and develop succession plan	Failure to establish effective succession planning and knowledge transfer processes may result in operational disruptions and the loss of critical institutional knowledge.	November 2026	1	1	4	**17%**
ECR-3-1	Develop procedures to review and process employer-specific Work Reports and use procedures to provide cross-training to Work Reports Team staff	Limited staff redundancy and knowledge transfer may result in delayed work report processing, loss of institutional knowledge, and inaccurate salary and contribution data.	March 2027	–	–	7	**0%**

2026 Internal Audit Plan Results Summary

Audit plan schedule, budget-to-actual hours, and estimated time to complete (ETC)

Internal Audit Plan (Approved by A&AC in February 2026)

Internal Audit Plan Period: January 1, 2026 through December 31, 2026																
	Q1 2026			Q2 2026			Q3 2026			Q4 2026			Hours			
PROJECT	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Budget	Actual	ETC	Variance
Carryover Projects																
Contracting & Procurement Review													200	45	-	(155)
Benefit Claims & Refund and Retiree Overpayments Processing Review													375	160	-	(215)
Member/Retiree Record Processing, Retention, and Storage													350	20	-	(330)
Assurance																
Biennial Follow-Up Review													300	22	-	(278)
Investment Management, Monitoring & Performance Evaluation													450	-	-	(450)
Advisory & Other																
V3locity Assessment and Updates													250	24	150	(76)
Extension of vISO Initiative - Roadmap Implementation													275	310	-	35
IA Recommendation & Implementation Assistance and Other Support													100	110	1,600	1,610
Risk Assessment Re-Evaluation & Two-Year Audit Plan													250	18	232	-
Compliance Office Collaboration and Assistance													150	108	50	8
Reporting, Communication and Other Administration													350	291	100	41
Total Hours													**3,050**	**1,108**	**2,132**	**190**

In Process

Project Started but Postponed due to IA Effort Redirection

Project Deferred due to IA Effort Redirection

Advisory & Other Projects

Meetings, Board Support, Other

<u>Key:</u>

Budget: Original Approved Budget and Budget Changes Approved by the A&AC

Actual: Actual Hours Incurred through July 31, 2026

ETC: Estimated Time to Complete

Variance: [(Actual + ETC) - Budget] = over / (under) budget

REVISED: DATE
1ST DRAFT DATE: DATE

__.B. NO._____

A BILL FOR AN ACT

RELATING TO THE EXEMPTION FROM CIVIL SERVICE OF THE INFORMATION SYSTEMS BRANCH MANAGER POSITION OF THE EMPLOYEES' RETIREMENT SYSTEM.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. Chapter 88, Hawaii Revised Statutes, is amended by adding a new section to part II, subpart A to be appropriately designated and to read as follows:

"<u>**§88- Information Systems Branch Manager.** The board, through its executive director, may appoint an information systems branch manager who shall be exempt from chapter 76 and whose salary shall be fixed by the board. The appointee shall serve under the direction of the deputy executive director who shall prescribe their duties and qualifications."</u>

SECTION 2. Section 76-16, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(b) The civil service to which this chapter applies shall comprise all positions in the State now existing or hereafter established and embrace all personal services performed for the State, except the following:

(1) Commissioned and enlisted personnel of the Hawaii National Guard and positions in the Hawaii National

BUF-XX(27)

Guard that are required by state or federal laws or regulations or orders of the National Guard to be filled from those commissioned or enlisted personnel;

(2) Positions filled by persons employed by contract where the director of human resources development has certified that the service is special or unique or is essential to the public interest and that, because of circumstances surrounding its fulfillment, personnel to perform the service cannot be obtained through normal civil service recruitment procedures. Any contract may be for any period not exceeding one year;

(3) Positions that must be filled without delay to comply with a court order or decree if the director determines that recruitment through normal recruitment civil service procedures would result in delay or noncompliance, such as the Felix-Cayetano consent decree;

(4) Positions filled by the legislature or by either house or any committee thereof;

(5) Employees in the office of the governor and office of the lieutenant governor, and household employees at Washington Place;

(6) Positions filled by popular vote;

(7) Department heads, officers, and members of any board, commission, or other state agency whose appointments are made by the governor or are required by law to be confirmed by the senate;

(8) Judges, referees, receivers, masters, jurors, notaries public, land court examiners, court commissioners, and attorneys appointed by a state court for a special temporary service;

(9) One bailiff for the chief justice of the supreme court who shall have the powers and duties of a court officer and bailiff under section 606-14; one secretary or clerk for each justice of the supreme court, each judge of the intermediate appellate court, and each judge of the circuit court; one secretary for the judicial council; one deputy administrative director of the courts; three law clerks for the chief justice of the supreme court, two law clerks for each associate justice of the supreme court and each judge of the intermediate appellate court, one law clerk for each judge of the circuit court, two additional law clerks for the civil administrative judge of the

circuit court of the first circuit, two additional law clerks for the criminal administrative judge of the circuit court of the first circuit, one additional law clerk for the senior judge of the family court of the first circuit, two additional law clerks for the civil motions judge of the circuit court of the first circuit, two additional law clerks for the criminal motions judge of the circuit court of the first circuit, and two law clerks for the administrative judge of the district court of the first circuit; and one private secretary for the administrative director of the courts, the deputy administrative director of the courts, each department head, each deputy or first assistant, and each additional deputy, or assistant deputy, or assistant defined in paragraph (16);

(10) First deputy and deputy attorneys general, the administrative services manager of the department of the attorney general, one secretary for the administrative services manager, an administrator and any support staff for the criminal and juvenile justice resources coordination functions, and law clerks;

(11) (A) Teachers, principals, vice-principals, complex area superintendents, deputy and assistant superintendents, other certificated personnel, and no more than twenty noncertificated administrative, professional, and technical personnel not engaged in instructional work;

(B) Effective July 1, 2003, teaching assistants, educational assistants, bilingual or bicultural school-home assistants, school psychologists, psychological examiners, speech pathologists, athletic health care trainers, alternative school work study assistants, alternative school educational or supportive services specialists, alternative school project coordinators, and communications aides in the department of education;

(C) The special assistant to the state librarian and one secretary for the special assistant to the state librarian; and

(D) Members of the faculty of the university of Hawaii, including research workers, extension agents, personnel engaged in instructional work, and administrative, professional, and technical personnel of the university;

(12) Employees engaged in special, research, or demonstration projects approved by the governor;

(13) (A) Positions filled by inmates, patients of state institutions, and persons with severe physical or mental disabilities participating in the work experience training programs;

(B) Positions filled with students in accordance with guidelines for established state employment programs; and

(C) Positions that provide work experience training or temporary public service employment that are filled by persons entering the workforce or persons transitioning into other careers under programs such as the federal Workforce Investment Act of 1998, as amended, or the Senior Community Service Employment Program of the Employment and Training Administration of the United States Department of Labor, or under other similar state programs;

(14) A custodian or guide at Iolani Palace, the Royal Mausoleum, and Hulihee Palace;

(15) Positions filled by persons employed on a fee, contract, or piecework basis, who may lawfully perform their duties concurrently with their private business or profession or other private employment and whose duties require only a portion of their time, if it is impracticable to ascertain or anticipate the portion of time to be devoted to the service of the State;

(16) Positions of first deputies or first assistants of each department head appointed under or in the manner provided in section 6, article V, of the Hawaii State Constitution; three additional deputies or assistants either in charge of the highways, harbors, and airports divisions or other functions within the department of transportation as may be assigned by the director of transportation, with the approval of the governor; one additional deputy in the department of human services either in charge of welfare or other functions within the department as may be assigned by the director of human services; four additional deputies in the department of health, each in charge

of one of the following: behavioral health, environmental health, hospitals, and health resources administration, including other functions within the department as may be assigned by the director of health, with the approval of the governor; two additional deputies in charge of the law enforcement programs, administration, or other functions within the department of law enforcement as may be assigned by the director of law enforcement, with the approval of the governor; three additional deputies each in charge of the correctional institutions, rehabilitation services and programs, and administration or other functions within the department of corrections and rehabilitation as may be assigned by the director of corrections and rehabilitation, with the approval of the governor; two administrative assistants to the state librarian; and an administrative assistant to the superintendent of education;

(17) Positions specifically exempted from this part by any other law; provided that:

(A) Any exemption created after July 1, 2014, shall expire three years after its enactment unless affirmatively extended by an act of the legislature; and

(B) All of the positions defined by paragraph (9) shall be included in the position classification plan;

(18) Positions in the state foster grandparent program and positions for temporary employment of senior citizens in occupations in which there is a severe personnel shortage or in special projects;

(19) Household employees at the official residence of the president of the [~~University~~] <u>university</u> of Hawaii;

(20) Employees in the department of education engaged in the supervision of students during meal periods in the distribution, collection, and counting of meal tickets, and in the cleaning of classrooms after school hours on a less than half-time basis;

(21) Employees hired under the tenant hire program of the Hawaii public housing authority; provided that no more than twenty-six per cent of the authority's workforce in any housing project maintained or operated by the

authority shall be hired under the tenant hire program;

(22) Positions of the federally funded expanded food and nutrition program of the [~~University~~] university of Hawaii that require the hiring of nutrition program assistants who live in the areas they serve;

(23) Positions filled by persons with severe disabilities who are certified by the state vocational rehabilitation office that they are able to perform safely the duties of the positions;

(24) The sheriff;

(25) A gender and other fairness coordinator hired by the judiciary;

(26) Positions in the Hawaii National Guard youth and adult education programs;

(27) In the Hawaii state energy office in the department of business, economic development, and tourism, all energy program managers, energy program specialists, energy program assistants, and energy analysts;

(28) Administrative appeals hearing officers in the department of human services;

(29) In the Med-QUEST division of the department of human services, the division administrator, finance officer, health care services branch administrator, medical director, and clinical standards administrator;

(30) In the director's office of the department of human services, the enterprise officer, information security and privacy compliance officer, security and privacy compliance engineer, security and privacy compliance analyst, information technology implementation manager, assistant information technology implementation manager, resource manager, community or project development director, policy director, special assistant to the director, and limited English proficiency project manager or coordinator;

(31) The Alzheimer's disease and related dementia services coordinator in the executive office on aging;

(32) In the Hawaii emergency management agency, the executive officer, public information officer, civil defense administrative officer, branch chiefs, and emergency operations center state warning point personnel; provided that for state warning point personnel, the director shall determine that

recruitment through normal civil service recruitment procedures would result in delay or noncompliance;

(33) The executive director and seven full-time administrative positions of the school facilities authority;

(34) Positions in the Mauna Kea stewardship and oversight authority;

(35) In the office of homeland security of the department of law enforcement, the statewide interoperable communications coordinator;

(36) In the social services division of the department of human services, the business technology analyst;

(37) The executive director and staff of the 911 board;

(38) The software developer supervisor and senior software developers in the department of taxation;

(39) In the department of law enforcement, five Commission on Accreditation for Law Enforcement Agencies, Inc., coordinator positions;

(40) The state fire marshal and deputy state fire marshal in the office of the state fire marshal;

(41) The administrator for the law enforcement standards board;

(42) In the office of the director of taxation, the data privacy officer and tax business analysts; [~~and~~]

[~~(43)~~](43) All positions filled by the Hawaii tourism authority within the department of business, economic development, and tourism[~~.~~]; and

(44) In the employees' retirement system of the State of Hawaii, the deputy executive director, the chief compliance officer, [~~and~~] the information security officer[~~.~~], and the information systems branch manager.

The director shall determine the applicability of this section to specific positions.

Nothing in this section shall be deemed to affect the civil service status of any incumbent as it existed on July 1, 1955."

SECTION 3. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 4. This Act shall take effect upon approval.

INTRODUCED BY: ______________________________

BY REQUEST

__.B. NO._____

Report Title:
ERS; Information Systems Branch Manager; Civil Service Exemption;

Description:
Allows the Board of Trustees of the Employees' Retirement System, through its Executive Director, to appoint the Information Systems Branch Manger position of the Employees' Retirement System of the State of Hawaii and exempts that position from the State's civil service requirements.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

REVISED:	DATE
1ST DRAFT DATE:	DATE

JUSTIFICATION SHEET

DEPARTMENT: BUDGET AND FINANCE

TITLE: A BILL FOR AN ACT RELATING TO THE EXEMPTION FROM CIVIL SERVICE OF INFORMATION SYSTEMS BRANCH MANAGER POSITION, OF THE EMPLOYEES' RETIREMENT SYSTEM.

PURPOSE: To allow the Board of Trustees of the Employees' Retirement System (ERS Board), through its Executive Director, to appoint the Information Systems Branch Manager position of the Employees' Retirement System of Hawaii, and to exempt this position from the State's civil service requirements.

MEANS: Add a new section to subpart A of Part II of chapter 88, Hawaii Revised Statutes (HRS), and amend section 76-16(b), HRS.

JUSTIFICATION: The ERS is a specialized public pension system responsible for administering retirement benefits for eligible State and county employees and retirees throughout Hawaiʻi. The System's operations depend extensively on secure, reliable, and continuously available information technology infrastructure and applications. ERS currently serves more than 160,000 members, including active members, retirees and beneficiaries, and inactive members.

The Information Systems Branch Manager position is uniquely situated at the intersection of technology, cybersecurity, data protection, financial operations, and public-sector retirement administration. The specialized knowledge required, the sensitivity of the information under the position's responsibility, the competitive IT labor market, and the mission-critical nature of ERS's technology environment justify providing the System with greater flexibility in recruiting and retaining qualified personnel.

BUF-10(27)

Accordingly, the Information Systems Branch Manager position should be exempt from the State's civil service requirements. Such an exemption would allow ERS to respond more effectively to rapidly changing technology needs, compete for specialized IT talent, protect sensitive member information, maintain continuity of critical operations, and fulfill its fiduciary and administrative responsibilities to the members and beneficiaries of the ERS.

Impact on the public: None.

Impact on the department and other agencies: The proposed amendments primarily impact the ERS, which is an attached agency of the Department of Budget and Finance.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: BUF-141/Retirement.

OTHER AFFECTED AGENCIES: None.

EFFECTIVE DATE: Upon approval.

MEKETA

Employees' Retirement System of the State of Hawaii

August 24, 2026

2026 Q2 Performance Report

Agenda

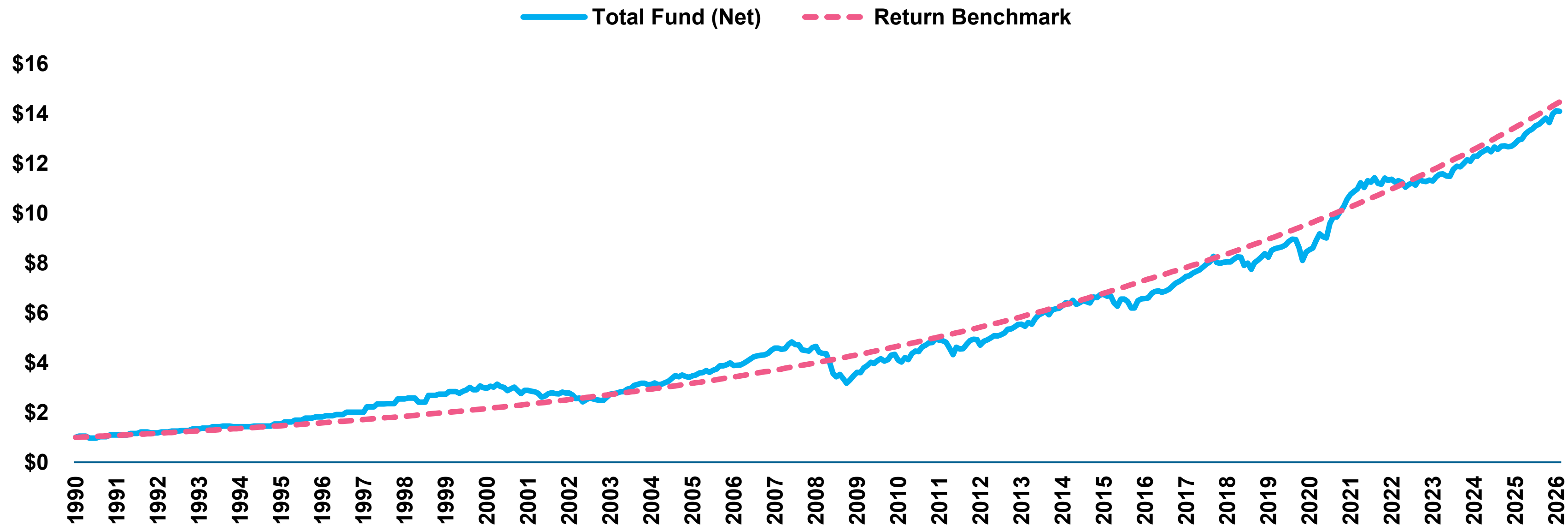
1. Introduction
2. ERS Portfolio Review
3. Plan Sponsor Peer Group Analysis
4. Appendix

Introduction

Executive Summary

- → The ERS Board has constructed the investment portfolio to produce steady, compounding returns over time.
- → Risk mitigation is critical in order to ensure the long-term sustainability and growth of the ERS.
- → Within the ERS's Investment Policy Statement, success is defined as achieving the long-term return that is needed in conjunction with actuarially defined contributions to fund the plan over time.
- → As detailed below, ERS has consistently generated steady, compounded growth since its performance inception.[1]

Since Inception Growth of $1



[1] Return Benchmark represents the ERS's actuarial assumption rate, which is 7.0% since July 2016, 7.65% from July 2015 to July 2016, 7.75% July 2011 to July 2015, 8.00% prior to July 2011.

Executive Summary (continued)

→ When considering risk assumed per unit of return received, ERS steadily outpaces its national peer set.

Risk-Adjusted Performance[1] of Hawaii ERS vs. Median Public Fund

	Since Inception	30 Yrs	20 Yrs	10 Yrs	5 Yrs	3 Yrs	1 Yr	FYTD	CYTD	QTD
Total Fund	**7.6**	**7.0**	**6.6**	**7.9**	**5.4**	**7.2**	**9.2**	**9.2**	**4.2**	**3.6**
Risk-Adjusted Peer Median[2]	*7.1*	*6.8*	*6.0*	*5.4*	*2.7*	*4.7*	*6.3*	*6.3*	*3.0*	*4.0*
Excess Return	0.5	0.2	0.6	2.5	2.7	2.6	3.0	3.0	1.2	(0.4)

1 Performance shown is net of fees since October 1, 2014, and a mix of net and gross of fees prior to October 1, 2014. Fiscal Year beings on July 1. Inception date is June 1, 1990.

2 The risk-adjusted median normalizes the median fund to the ERS's exhibited volatility. Calculated as: risk-adjusted median return = unadjusted median return × (ERS volatility ÷ median fund volatility), where volatility is measured as standard deviation. Figures for periods greater than one year are annualized.

Total Fund | As of June 30, 2026

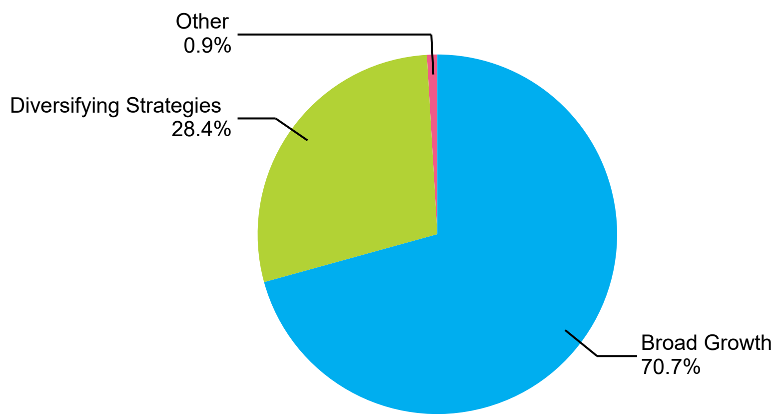
Portfolio Valuation	Quarter-to-Date	Calendar Year-to-Date	One Year
Total Fund			
Beginning Market Value	25,661,497,991	25,618,242,248	24,425,334,635
Net Cash Flows	-27,194,333	-123,906,512	-162,419,691
Gain/Loss	956,013,133	1,095,981,054	2,327,401,846
Ending Market Value	**26,590,316,790**	**26,590,316,790**	**26,590,316,790**

ERS Total Fund Relative Performance	Inception	30 Yrs	20 Yrs	10 Yrs	5 Yrs	3 Yrs	1 Yr	YTD	QTD
Total Fund	**7.6**	**7.0**	**6.6**	**7.9**	**5.4**	**7.2**	**9.2**	**4.2**	**3.6**
Return Benchmark	7.7	7.6	7.4	7.0	7.0	7.0	7.0	3.4	1.7
Excess Return	-0.1	-0.6	-0.8	0.9	-1.6	0.2	2.2	0.7	1.9
Total Fund	**7.6**	**7.0**	**6.6**	**7.9**	**5.4**	**7.2**	**9.2**	**4.2**	**3.6**
Market Benchmark	8.0	7.5	7.1	8.4	7.5	11.7	13.5	4.3	3.6
Excess Return	-0.4	-0.5	-0.4	-0.5	-2.1	-4.4	-4.2	-0.1	0.0
Total Fund	**7.6**	**7.0**	**6.6**	**7.9**	**5.4**	**7.2**	**9.2**	**4.2**	**3.6**
Peer Benchmark	8.1	7.5	7.0	8.7	6.7	11.8	14.3	7.0	8.0
Excess Return	-0.5	-0.5	-0.4	-0.8	-1.3	-4.6	-5.1	-2.8	-4.4
Total Fund Rank	100	98	71	87	94	96	94	91	95

Total Fund performance consists of net of fees returns. Fiscal year begins on July 1. Inception date is June 1, 1990. Current Market Benchmark composition (effective January 1, 2024) is 70% Broad Growth Benchmark and 30% Diversifying Strategies Benchmark. Please see the Appendix for current and historical custom benchmark compositions. Return Benchmark represents the ERS's actuarial assumption rate, which is 7.0% since July 2016, 7.65% from July 2015 to July 2016, 7.75% July 2011 to July 2015, 8.00% prior to July 2011. Peer Benchmark represents the plan sponsor peer group InvMetrics Public DB >$1B Net universe and includes BNY Mellon Total Public Fund >$1B universe and Investment Metrics client data.

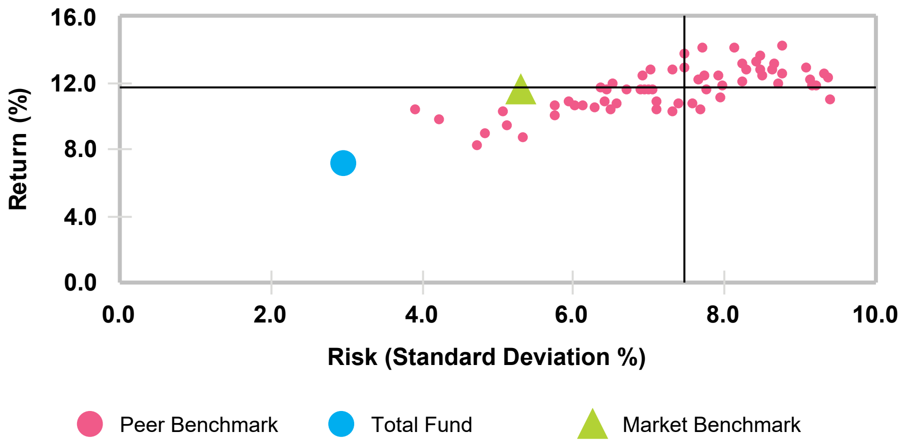
Asset Allocation vs. Target
As of June 30, 2026

	Balance ($)	Current Allocation (%)	Policy (%)	Difference (%)	Policy Range (%)
Broad Growth	**18,801,644,683**	**70.7**	**70.0**	**0.7**	**60.0 - 80.0**
Global Equity	10,713,482,303	40.3	39.0	1.3	19.0 - 59.0
Global Credit	2,900,502,492	10.9	12.0	-1.1	6.0 - 18.0
Real Assets	5,187,659,888	19.5	19.0	0.5	9.0 - 29.0
Diversifying Strategies	**7,541,515,251**	**28.4**	**30.0**	**-1.6**	**20.0 - 40.0**
Liquid Defensive/Diversifying	6,630,580,266	24.9	26.0	-1.1	15.0 - 30.0
Illiquid Diversifying	910,934,986	3.4	4.0	-0.6	0.0 - 9.0
Other	**247,156,855**	**0.9**	**0.0**	**0.9**	**0.0 - 0.0**
Other	247,156,855	0.9	0.0	0.9	0.0 - 0.0
Total	**26,590,316,790**	**100.0**	**100.0**	**0.0**	



Policy targets effective January 1, 2024. "Other" includes ERS Operating Account and transitional or residual proceeds from liquidating or terminated accounts.

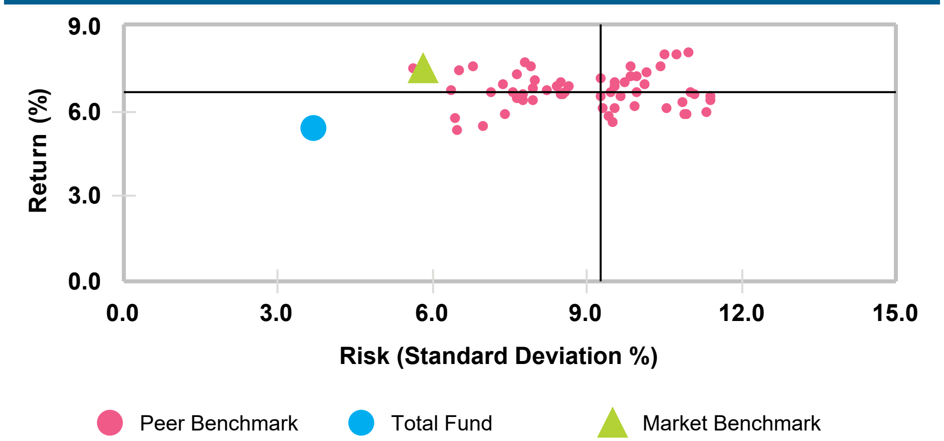
Annualized Return vs. Annualized Standard Deviation
3 Years Ending June 30, 2026



Annualized Risk-Return

	3 Years Return (%)	3 Years Standard Deviation (%)	3 Years Sharpe Ratio (%)
Total Fund	7.2	2.9	0.8
Market Benchmark	11.7	5.3	1.3
Peer Benchmark Median	11.8	7.5	0.9

Annualized Return vs. Annualized Standard Deviation
5 Years Ending June 30, 2026

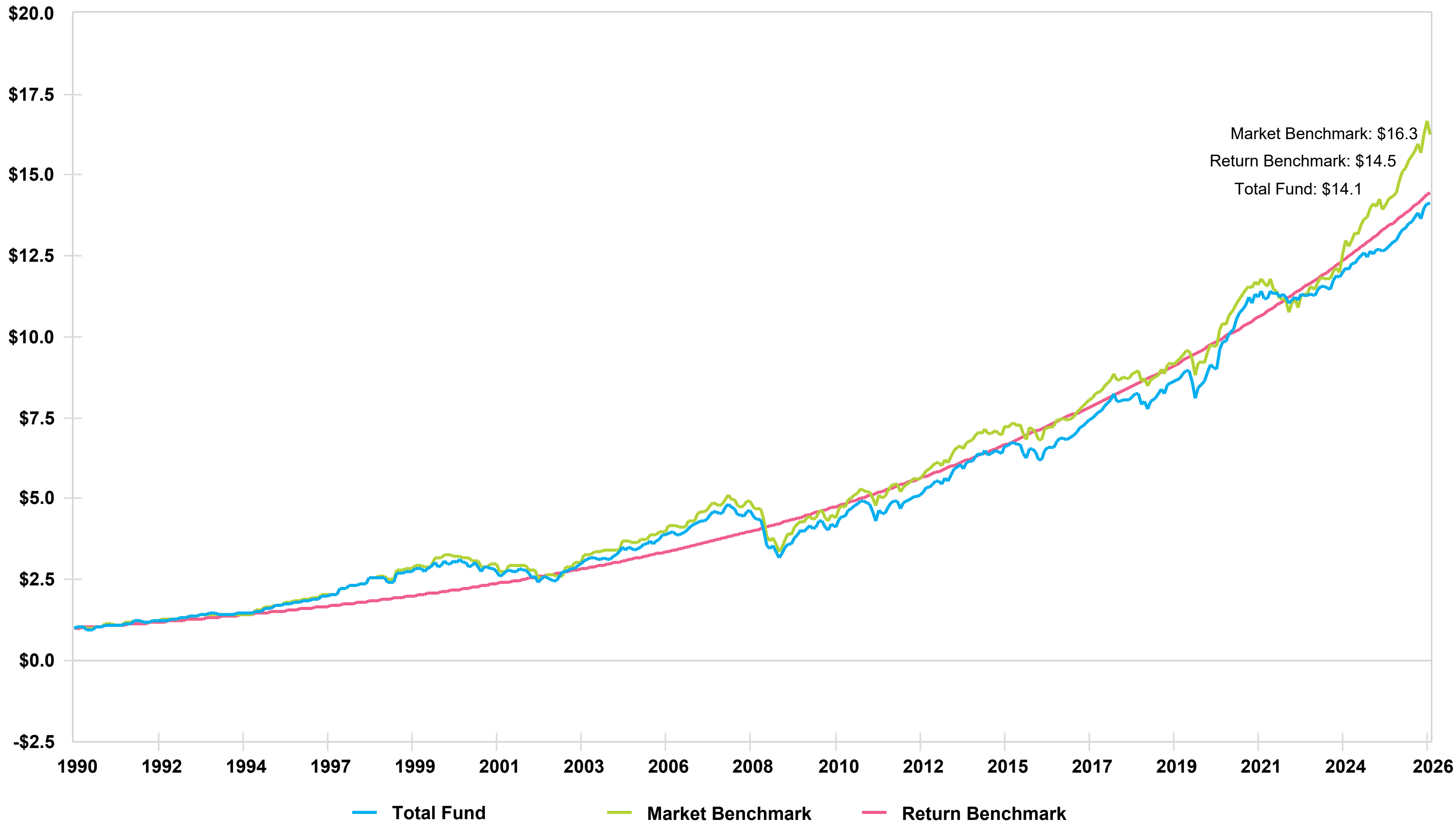


Annualized Risk-Return

	5 Years Return (%)	5 Years Standard Deviation (%)	5 Years Sharpe Ratio (%)
Total Fund	5.4	3.7	0.5
Market Benchmark	7.5	5.8	0.7
Peer Benchmark Median	6.7	9.3	0.4

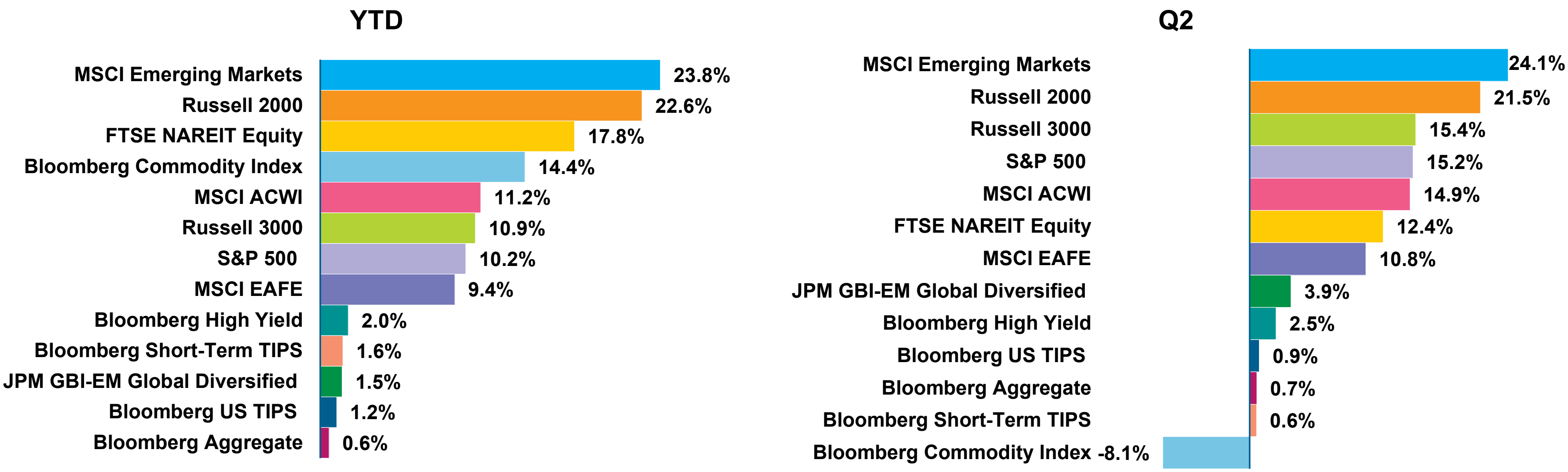
Peer Benchmark represents the plan sponsor peer group InvMetrics Public DB >$1B Net universe and includes BNY Mellon Total Public Fund >$1B universe and Investment Metrics client data.

Since Inception Growth of $1



Inception date is June 1, 1990. Return Benchmark represents the ERS's actuarial assumption rate, which is 7.0% since July 2016, 7.65% from July 2015 to July 2016, 7.75% July 2011 to July 2015, 8.00% prior to July 2011.

Index Returns[1]



- In the second quarter of 2026, equities led performance across asset classes, with emerging markets and small-cap US stocks posting the strongest returns. Resilient earnings, tailwinds from the AI-related infrastructure buildout, and relief from the sharp decline in oil prices were the primary catalysts for the broad advance.
- Commodities were the notable laggard during the quarter, declining 8.1% as oil prices reversed sharply on easing Middle East tensions, after leading all asset classes in the prior quarter.
- The broad bond market generated modest positive returns given the decline in inflation concerns driven by falling energy prices. Emerging market debt and high yield bonds produced the strongest fixed income results given the improvement in risk sentiment.

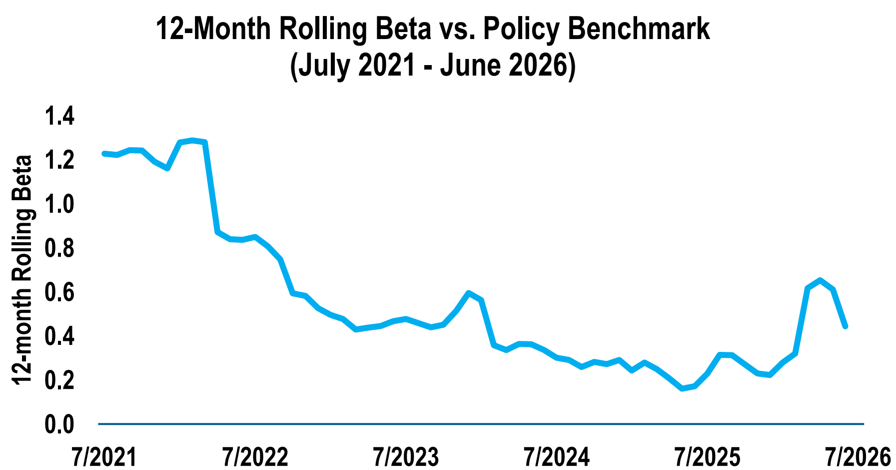
[1] Source: Bloomberg. Data is as of June 30, 2026.

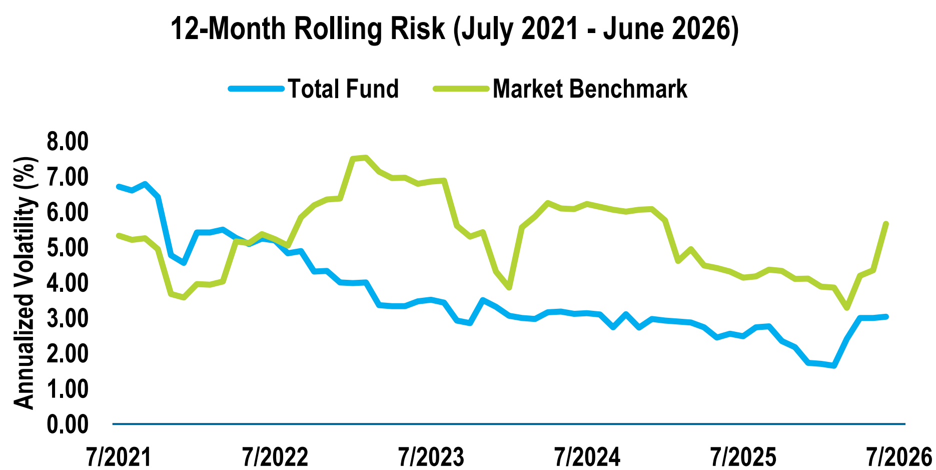
Key Trends

- Global growth expectations remain subdued amid the conflict in the Middle East. The IMF's April 2026 World Economic Outlook cut projected global growth to 3.1% (from 3.3%), and downside risks continue to dominate, with the renewed escalation capable of pushing growth materially lower.
- The dominant macro tension has shifted. The sharp reversal in oil prices late in the second quarter and the below expectations jobs report has effectively taken a July rate hike off the table for the Fed, but it reflects a one-off energy round-trip rather than resolved underlying inflation. With the ceasefire already fraying and the committee split on the balance of risks, the question has moved from whether the energy spike would force the Fed's hand to whether June's disinflation holds into September, when a hike remains a coin flip. The leadership question, by contrast, is largely settled. Chair Warsh has anchored the Fed to an explicit price-stability mandate, with reduced forward guidance and a reaction function that leaves little tolerance for a renewed inflation impulse.
- US consumers show increasing strain at the lower end, and although gasoline has fallen back below $4/gallon, a rising share of younger and rate-sensitive borrowers is falling behind on debt. The unemployment rate has remained in a narrow band this year, but soft participation and widening dispersion in household financial health point to underlying weakness beneath a still-firm headline labor market.
- US equity performance has been strong, with the rally led by technology and the largest mega-cap constituents and extended by robust emerging market gains in Asia. While leadership has broadened on a year-to-date basis, the second-quarter advance again leaned heavily on technology, while energy and other commodity-sensitive sectors gave back ground as oil prices fell. Into the third quarter, that same concentration is the principal risk with scrutiny turning from AI enthusiasm to the gap between soaring capex and still-thin monetization.

Macro Risk Analytics – Key Takeaways

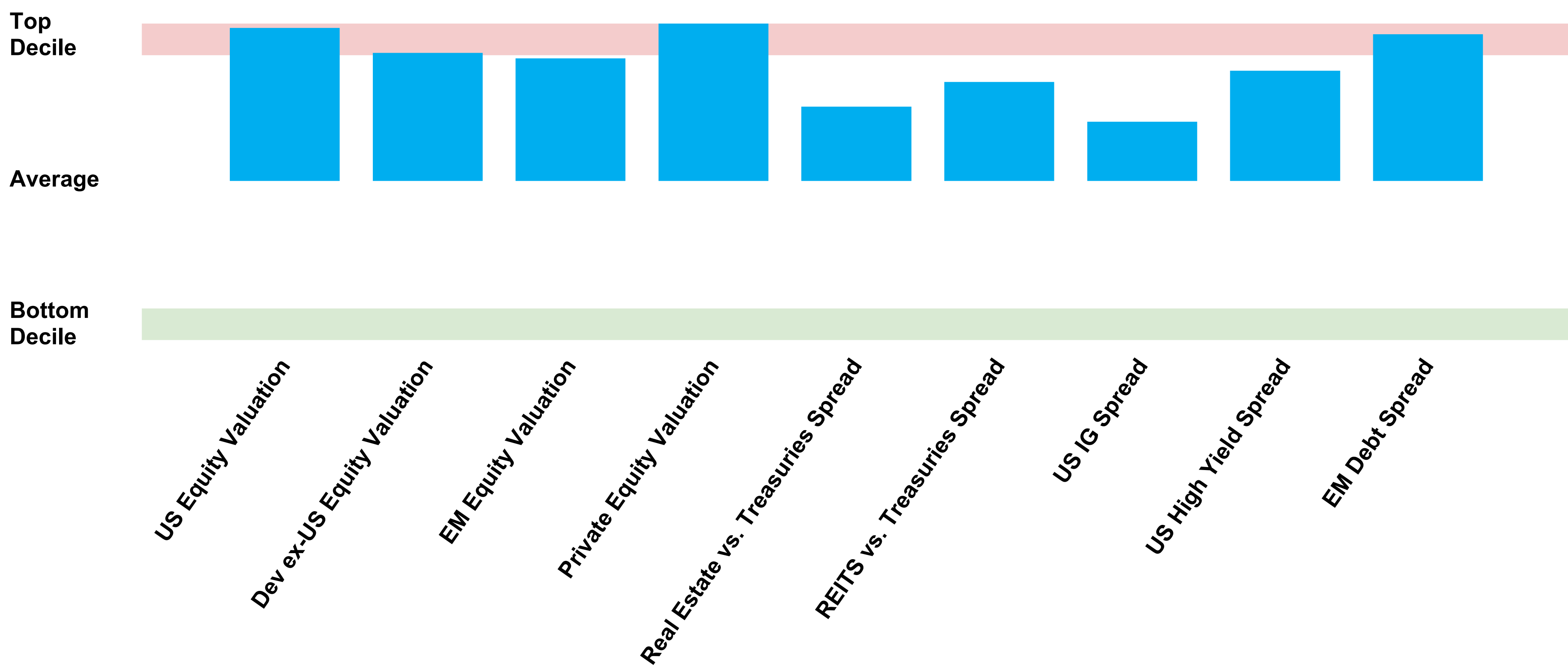
- Global growth expectations remain subdued amid the conflict in the Middle East. The dominant macro tension has shifted. The sharp reversal in oil prices late in the second quarter and the below expectations jobs report has effectively taken a July rate hike off the table for the Fed, but it reflects a one-off energy round trip rather than resolved underlying inflation. The leadership question is largely settled. Chair Warsh has anchored the Fed to an explicit price-stability mandate, with reduced forward guidance and a reaction function that leaves little tolerance for a renewed inflation impulse. US consumers show increasing strain at the lower end. The unemployment rate has remained in a narrow band this year, but soft participation and widening dispersion in household financial health point to underlying weakness beneath a still-firm headline labor market.
- Meketa's Market Sentiment Indicator remained **green** (i.e., positive) during Q2.
- The Actual Portfolio's beta (on a 12-month basis relative to the Policy Portfolio) has been declining from its 3-year peak in April. Related, trailing 12-month volatility for the Actual Portfolio and Policy Portfolio[1] remain at a relatively widespread and gradually diverging again since April.



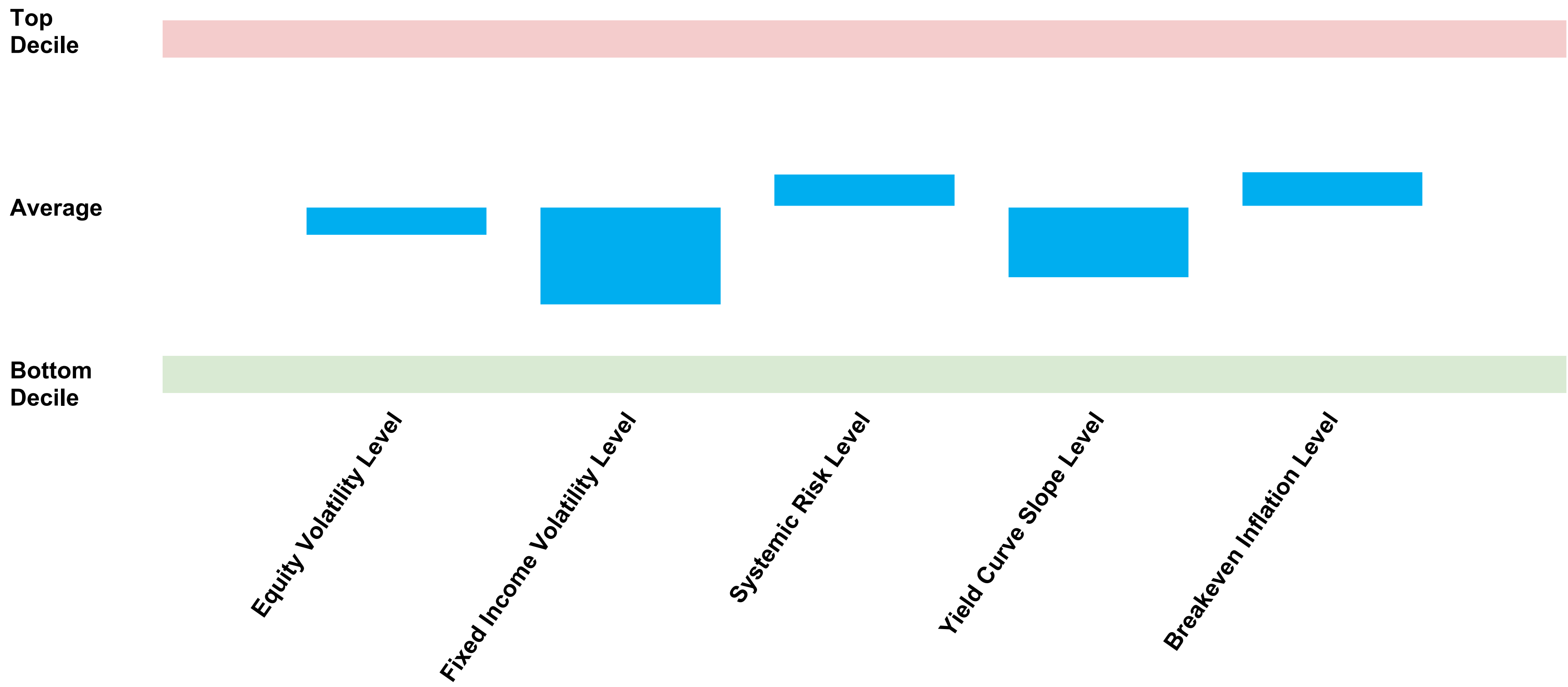


[1] In effect since January 1, 2024.

Valuation Metrics Dashboard
(current measures relative to history)

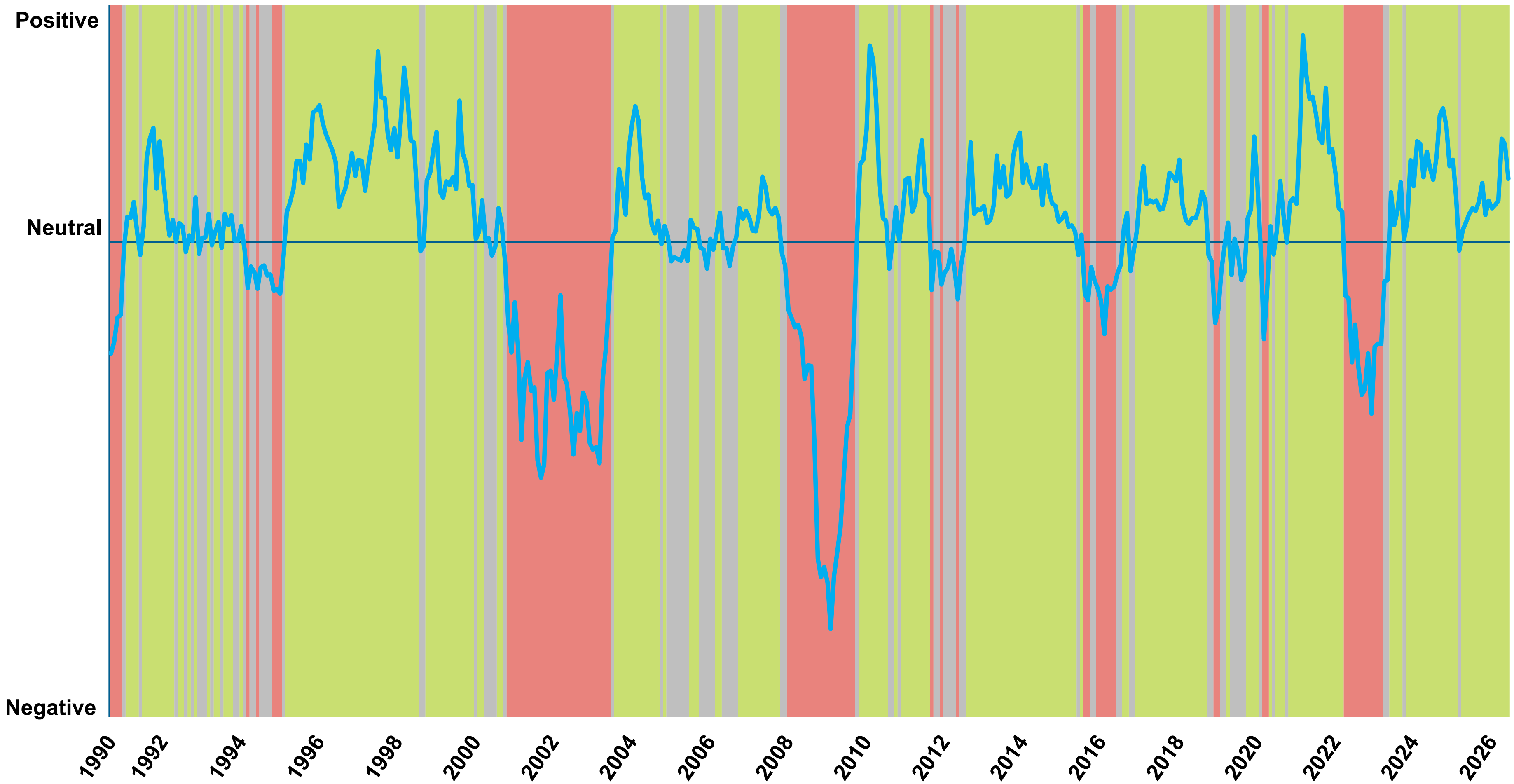


Other Market Metrics Dashboard
(current measures relative to history)



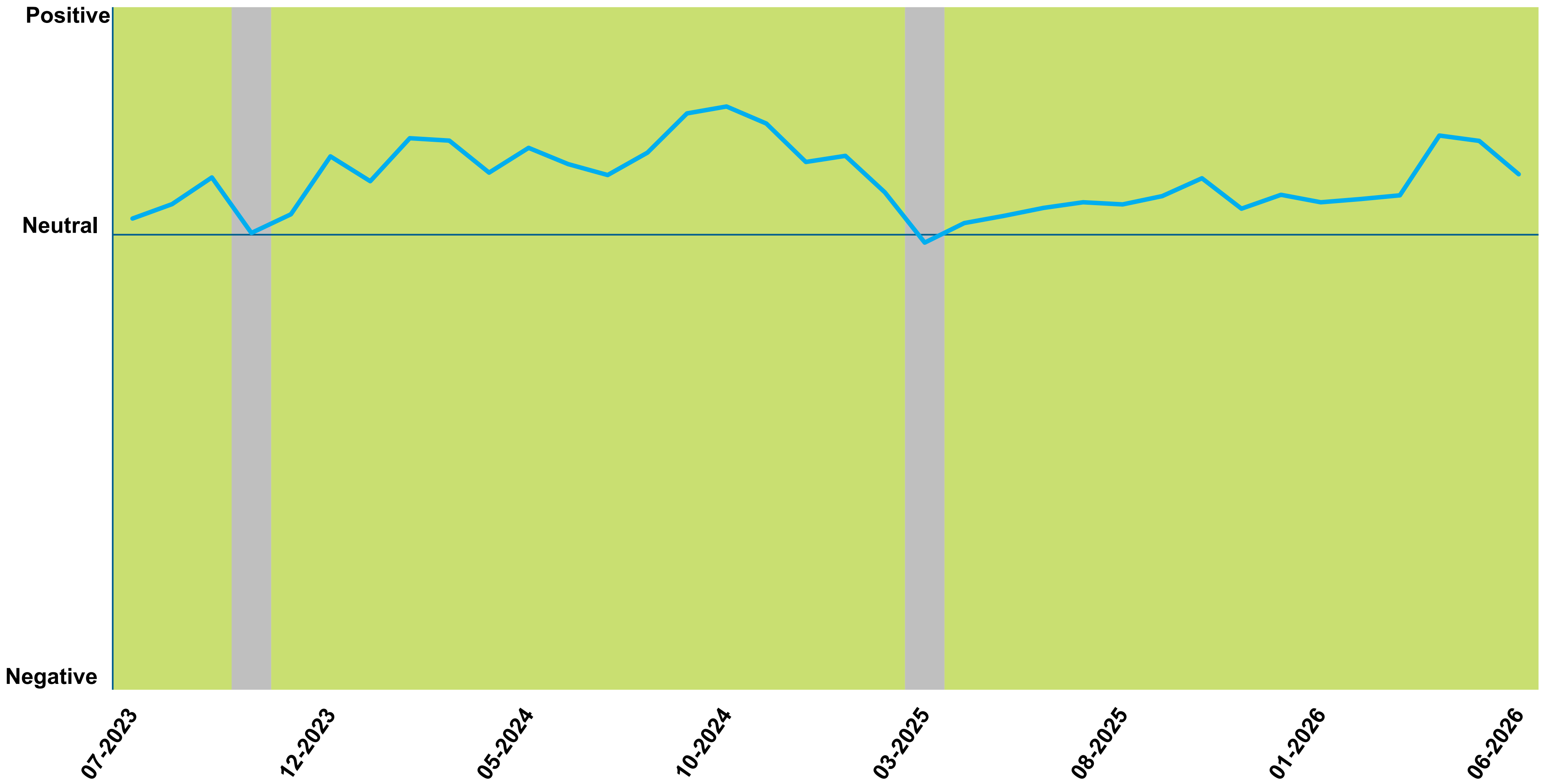
Market Sentiment Indicator (All History)

(As of June 30, 2026)



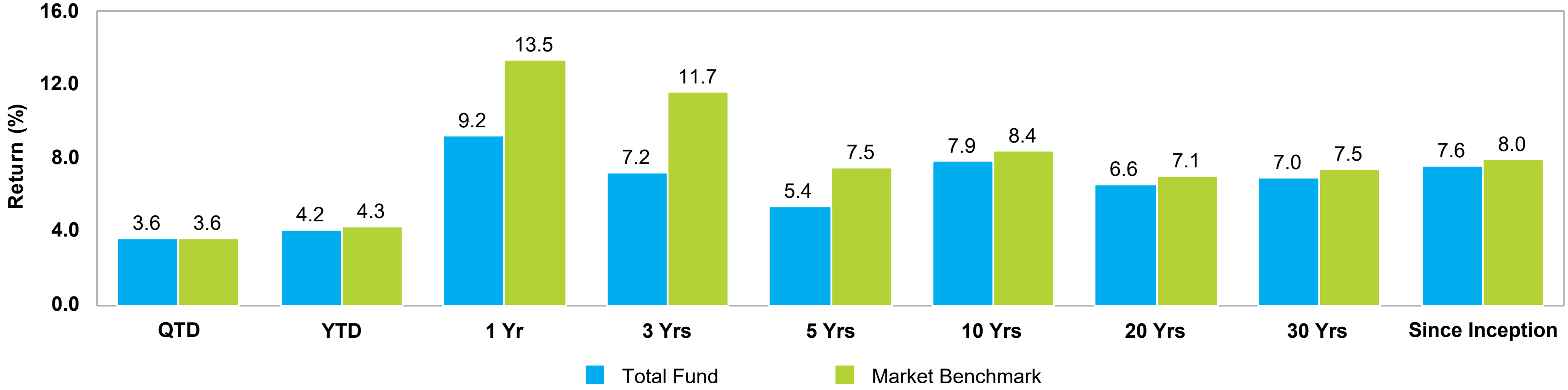
Market Sentiment Indicator (Last Three Years)

(As of June 30, 2026)

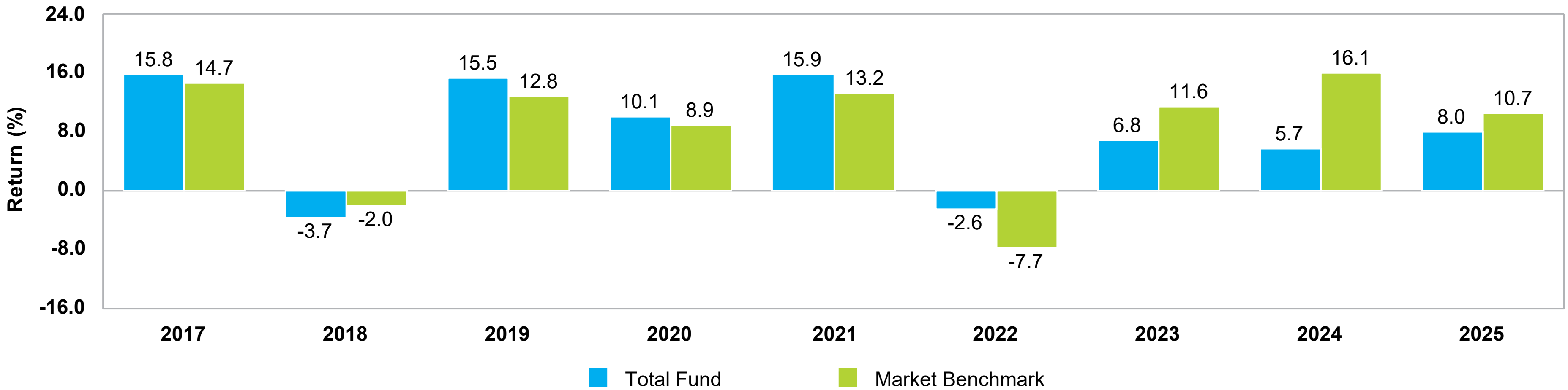


ERS Portfolio Review

Trailing Performance



Calendar Year Performance



Performance shown is net of fees. Inception date is 6/1/1990. Please see the Appendix for the Market Benchmark's composition history.

Performance Attribution[1] vs. Policy Benchmark
Quarter ending June 30, 2026

	Policy[2]		Portfolio[3]		Impact on Return		
	Allocation (%)	Return	Allocation (%)	Return	Weighting	Implementation	Total[4]
Broad Growth	**70.0**	**4.8**	**70.5**	**4.8**	**0.0**	**0.0**	**0.1**
Global Equity	39.2	6.1	40.1	7.4	0.0	0.5	0.6
Global Credit	11.9	0.3	11.0	1.8	0.0	0.2	0.2
Real Assets	18.9	4.7	19.4	1.4	0.0	(0.6)	(0.6)
Diversifying Strategies	**30.0**	**0.5**	**26.7**	**0.9**	**0.1**	**0.1**	**0.2**
Liquid Defensive/Diversifying	26.1	0.3	23.2	0.6	0.1	0.1	0.2
Illiquid Diversifying	3.9	2.2	3.5	3.1	0.0	0.0	0.0
Other Assets	**0.0**	**0.9**	**2.8**	**1.1**	**(0.1)**	**0.0**	**(0.1)**
Total[5]	**100.0**	**3.6**	**100.0**	**3.6**	**0.0**	**0.1**	**0.2**

[1] The underlying data points (asset values and net-of-fees returns) for performance attribution calculation are from BNY Mellon. Performance attribution is calculated using average allocation over the period measure and the period's annualized trailing return. Total impacts may not match period excess return (difference between Portfolio Return and Policy Return) due to rounding, rebalancing, and measurement frequencies. Please see "Performance Attribution Glossary" page in the Appendix for the definition and formula of the Impact on Return factors.

[2] Policy Allocation and Return columns represent those of each component's corresponding primary benchmarks ("Historical Benchmarks") as shown in the other parts of this report and are used in the attribution calculations. For Other Assets, ICE BofA 3-Month US T-Bills Index is used as benchmark.

[3] Portfolio Allocation column illustrates the average beginning-of-month allocation of each component over the period measured.

[4] Total impacts may not sum to excess return due to rounding, rebalancing, and measurement frequencies.

[5] Policy Return and Portfolio Return values for the "Total" row are those of the Market Benchmark (policy benchmark of the total portfolio) and the Total Fund respectively. Values in the Impact on Return columns for "Total" row are the sums of calculated Impact on Return values in each column for Broad Growth, Diversifying Strategies, and Other Assets components. The sum of sub-composites (Global Equity, Global Credit, Real Assets, Liquid Defensive/Diversifying, and Illiquid Diversifying) along with Other Assets may not yield the same figure as obsolete sub-composites are excluded and the recalculated composite asset values may not contain the terminated accounts.

Performance Attribution[1] vs. Policy Benchmark
Calendar Year-to-Date ending June 30, 2026

	Policy[2]		Portfolio[3]		Impact on Return		
	Allocation (%)	Return	Allocation (%)	Return	Weighting	Implementation	Total[4]
Broad Growth	**70.0**	**5.0**	**70.2**	**4.7**	**0.0**	**(0.2)**	**(0.2)**
Global Equity	39.2	6.3	39.9	5.8	0.0	(0.2)	(0.2)
Global Credit	11.9	1.4	11.4	2.4	0.0	0.1	0.1
Real Assets	18.9	4.3	18.9	3.8	(0.0)	(0.1)	(0.1)
Diversifying Strategies	**30.0**	**2.0**	**26.6**	**2.9**	**0.1**	**0.2**	**0.3**
Liquid Defensive/Diversifying	26.1	1.6	23.3	2.2	0.1	0.1	0.2
Illiquid Diversifying	3.9	4.1	3.3	7.9	0.0	0.1	0.1
Other Assets	**0.0**	**1.7**	**3.2**	**2.4**	**(0.1)**	**0.0**	**(0.1)**
Total[5]	**100.0**	**4.3**	**100.0**	**4.2**	**(0.0)**	**0.1**	**0.1**

[1] The underlying data points (asset values and net-of-fees returns) for performance attribution calculation are from BNY Mellon. Performance attribution is calculated using average allocation over the period measure and the period's annualized trailing return. Total impacts may not match period excess return (difference between Portfolio Return and Policy Return) due to rounding, rebalancing, and measurement frequencies. Please see "Performance Attribution Glossary" page in the Appendix for the definition and formula of the Impact on Return factors.

[2] Policy Allocation and Return columns represent those of each component's corresponding primary benchmarks ("Historical Benchmarks") as shown in the other parts of this report and are used in the attribution calculations. For Other Assets, ICE BofA 3-Month US T-Bills Index is used as benchmark.

[3] Portfolio Allocation column illustrates the average beginning-of-month allocation of each component over the period measured.

[4] Total impacts may not sum to excess return due to rounding, rebalancing, and measurement frequencies.

[5] Policy Return and Portfolio Return values for the "Total" row are those of the Market Benchmark (policy benchmark of the total portfolio) and the Total Fund respectively. Values in the Impact on Return columns for "Total" row are the sums of calculated Impact on Return values in each column for Broad Growth, Diversifying Strategies, and Other Assets components. The sum of sub-composites (Global Equity, Global Credit, Real Assets, Liquid Defensive/Diversifying, and Illiquid Diversifying) along with Other Assets may not yield the same figure as obsolete sub-composites are excluded and the recalculated composite asset values may not contain the terminated accounts.

Performance Attribution[1] vs. Policy Benchmarks
1 Year ending June 30, 2026

	Policy[2]		Portfolio[3]		Impact on Return		
	Allocation (%)	Return	Allocation (%)	Return	Weighting	Implementation	Total
Broad Growth	**70.0**	**16.4**	**70.6**	**10.1**	**0.0**	**(4.5)**	**(4.5)**
Global Equity	39.2	22.8	40.0	13.0	0.1	(3.9)	(3.8)
Global Credit	11.9	6.7	11.7	7.2	0.0	0.1	0.1
Real Assets	18.9	9.7	18.9	5.9	(0.0)	(0.7)	(0.7)
Diversifying Strategies	**30.0**	**5.8**	**24.8**	**7.7**	**0.4**	**0.5**	**0.9**
Liquid Defensive/Diversifying	26.1	4.8	21.4	7.2	0.4	0.5	0.9
Illiquid Diversifying	3.9	12.8	3.4	11.4	0.0	(0.0)	(0.0)
Other Assets	**0.0**	**3.8**	**4.6**	**4.8**	**(0.4)**	**0.0**	**(0.4)**
Total[4]	**100.0**	**13.5**	**100.0**	**9.2**	**(0.0)**	**(4.0)**	**(4.0)**

[1] The underlying data points (asset values and net-of-fees returns) for performance attribution calculation are from BNY Mellon. Performance attribution is calculated using average allocation over the period measure and the period's annualized trailing return. Total impacts may not match period excess return (difference between Portfolio Return and Policy Return) due to rounding, rebalancing, and measurement frequencies. Please see "Performance Attribution Glossary" page in the Appendix for the definition and formula of the Impact on Return factors.

[2] Policy Allocation and Return columns represent those of each component's corresponding primary benchmarks ("Historical Benchmarks") as shown in the other parts of this report and are used in the attribution calculations. For Other Assets, ICE BofA 3-Month US T-Bills Index is used as benchmark. Policy Allocation column illustrates the average beginning-of-month target allocation of each component over the period measured; thus, the values may not match any particular set of targets.

[3] Portfolio Allocation column illustrates the average beginning-of-month allocation of each component over the period measured.

[4] Policy Return and Portfolio Return values for the "Total" row are those of the Market Benchmark (policy benchmark of the total portfolio) and the Total Fund respectively. Values in the Impact on Return columns for "Total" row are the sums of calculated Impact on Return values in each column for Broad Growth, Diversifying Strategies, and Other Assets components. The sum of sub-composites (Global Equity, Global Credit, Real Assets, Liquid Defensive/Diversifying, and Illiquid Diversifying) along with Other Assets may not yield the same figure as obsolete sub-composites are excluded and the recalculated composite asset values may not contain the terminated accounts.

Performance Attribution[1] vs. Policy Benchmarks
3 Years ending June 30, 2026

	Policy[2]		Portfolio[3]		Impact on Return		
	Allocation (%)	Return	Allocation (%)	Return	Weighting	Implementation	Total
Broad Growth	**68.8**	**14.7**	**68.7**	**9.0**	**(0.0)**	**(3.9)**	**(3.9)**
Global Equity	39.4	18.5	39.6	11.5	0.0	(2.8)	(2.8)
Global Credit	10.6	9.7	10.7	9.2	(0.0)	(0.1)	(0.1)
Real Assets	17.8	9.2	17.9	3.8	(0.0)	(1.0)	(1.0)
Diversifying Strategies	**31.3**	**4.2**	**28.7**	**3.3**	**0.2**	**(0.3)**	**(0.1)**
Liquid Defensive/Diversifying	27.0	2.7	24.5	2.6	0.2	(0.0)	0.2
Illiquid Diversifying	4.3	12.9	4.2	8.2	(0.0)	(0.2)	(0.2)
Other Assets	**0.0**	**4.6**	**2.6**	**5.2**	**(0.2)**	**0.0**	**(0.2)**
Total[4]	**100.0**	**11.7**	**100.0**	**7.2**	**0.0**	**(4.2)**	**(4.1)**

[1] The underlying data points (asset values and net-of-fees returns) for performance attribution calculation are from BNY Mellon. Performance attribution is calculated using average allocation over the period measure and the period's annualized trailing return. Total impacts may not match period excess return (difference between Portfolio Return and Policy Return) due to rounding, rebalancing, and measurement frequencies. Please see "Performance Attribution Glossary" page in the Appendix for the definition and formula of the Impact on Return factors.
The current plan structure became effective 01/01/2024. Global Equity, Global Credit, and Liquid Defensive/Diversifying composites were not used in the current form prior to 2024. To calculate performance attribution for the prior periods, reconstructed or approximated information is used; this may include but not limited to policy allocation targets reflected in the reconstructed historical benchmarks, the reconstructed historical benchmark returns, and composite asset values as reconstituted and recalculated by BNY Mellon. This reconstituted portfolio structure and asset values (and therefore Portfolio Allocation values) may not include all the underlying historical accounts such as those previously terminated.

[2] Policy Allocation and Return columns represent those of each component's corresponding primary benchmarks ("Historical Benchmarks") as shown in the other parts of this report and are used in the attribution calculations. For Other Assets, ICE BofA 3-Month US T-Bills Index is used as benchmark. Policy Allocation column illustrates the average beginning-of-month target allocation of each component over the period measured; thus, the values may not match any particular set of targets.

[3] Portfolio Allocation column illustrates the average beginning-of-month allocation of each component over the period measured.

[4] Policy Return and Portfolio Return values for the "Total" row are those of the Market Benchmark (policy benchmark of the total portfolio) and the Total Fund respectively. Values in the Impact on Return columns for "Total" row are the sums of calculated Impact on Return values in each column for Broad Growth, Diversifying Strategies, and Other Assets components. The sum of sub-composites (Global Equity, Global Credit, Real Assets, Liquid Defensive/Diversifying, and Illiquid Diversifying) along with Other Assets may not yield the same figure as obsolete sub-composites are excluded and the recalculated composite asset values may not contain the terminated accounts.

Performance Attribution[1] vs. Policy Benchmarks
5 Years ending June 30, 2026

	Policy[2]		Portfolio[3]		Impact on Return		
	Allocation (%)	Return	Allocation (%)	Return	Weighting	Implementation	Total
Broad Growth	**66.5**	**9.0**	**68.7**	**6.2**	**0.0**	**(2.0)**	**(1.9)**
Global Equity	39.0	10.2	40.4	7.9	0.0	(0.9)	(0.9)
Global Credit	6.7	5.8	6.1	6.0	0.0	0.0	0.0
Real Assets	11.8	9.9	12.5	5.4	0.0	(0.6)	(0.5)
Diversifying Strategies	**33.5**	**3.5**	**29.0**	**3.7**	**0.2**	**0.1**	**0.2**
Liquid Defensive/Diversifying	29.4	1.4	25.2	3.5	0.3	0.5	0.8
Illiquid Diversifying	4.2	9.9	3.7	4.9	(0.0)	(0.2)	(0.2)
Other Assets	**0.0**	**3.5**	**2.4**	**1.8**	**(0.1)**	**(0.0)**	**(0.1)**
Total[4]	**100.0**	**7.5**	**100.0**	**5.4**	**0.1**	**(2.0)**	**(1.8)**

[1] The underlying data points (asset values and net-of-fees returns) for performance attribution calculation are from BNY Mellon. Performance attribution is calculated using average allocation over the period measure and the period's annualized trailing return. Total impacts may not match period excess return (difference between Portfolio Return and Policy Return) due to rounding, rebalancing, and measurement frequencies. Please see "Performance Attribution Glossary" page in the Appendix for the definition and formula of the Impact on Return factors.
The current plan structure became effective 01/01/2024. Global Equity, Global Credit, and Liquid Defensive/Diversifying composites were not used in the current form prior to 2024. To calculate performance attribution for the prior periods, reconstructed or approximated information is used; this may include but not limited to policy allocation targets reflected in the reconstructed historical benchmarks, the reconstructed historical benchmark returns, and composite asset values as reconstituted and recalculated by BNY Mellon. This reconstituted portfolio structure and asset values (and therefore Portfolio Allocation values) may not include all the underlying historical accounts such as those previously terminated.

[2] Policy Allocation and Return columns represent those of each component's corresponding primary benchmarks ("Historical Benchmarks") as shown in the other parts of this report and are used in the attribution calculations. For Other Assets, ICE BofA 3-Month US T-Bills Index is used as benchmark. Policy Allocation column illustrates the average beginning-of-month target allocation of each component over the period measured; thus, the values may not match any particular set of targets. The major functional allocation categories of Broad Growth and Diversifying Strategies were adopted starting 07/2020; sum of their corresponding predecessors' policy allocations are assigned to for this calculation (i.e., Broad Growth [2019] and Real Returns as Broad Growth; Crisis Risk Offset and Principal Protection as Diversifying Strategies).

[3] Portfolio Allocation column illustrates the average beginning-of-month allocation of each component over the period measured.

[4] Policy Return and Portfolio Return values for the "Total" row are those of the Market Benchmark (policy benchmark of the total portfolio) and the Total Fund respectively. Values in the Impact on Return columns for "Total" row are the sums of calculated Impact on Return values in each column for Broad Growth, Diversifying Strategies, and Other Assets components. The sum of sub-composites (Global Equity, Global Credit, Real Assets, Liquid Defensive/Diversifying, and Illiquid Diversifying) along with Other Assets may not yield the same figure as obsolete sub-composites are excluded and the recalculated composite asset values may not contain the terminated accounts.

Asset Class Performance Summary

	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)
Total Fund	**3.6**	**9.2**	**7.2**	**5.4**	**7.5**	**7.9**
Market Benchmark	*3.6*	*13.5*	*11.7*	*7.5*	*8.6*	*8.4*
Broad Growth	**4.8**	**10.1**	**9.0**	**6.2**	**8.8**	**9.4**
Broad Growth Historical Benchmark	*4.8*	*16.4*	*14.7*	*9.0*	*10.3*	*10.1*
Global Equity	**7.4**	**13.0**	**11.5**	**7.9**	**11.6**	**12.2**
Global Equity Historical Benchmark	*6.1*	*22.8*	*18.5*	*10.2*	*13.0*	*12.6*
Global Credit	**1.8**	**7.2**	**9.2**	**6.0**	**7.1**	**6.6**
Global Credit Historical Benchmark	*0.3*	*6.7*	*9.7*	*5.8*	*6.3*	*6.1*
Real Assets	**1.4**	**5.9**	**3.8**	**5.4**	**6.1**	**6.6**
Real Assets Historical Benchmark	*4.7*	*9.7*	*9.2*	*9.9*	*7.5*	*7.5*
Diversifying Strategies	**0.9**	**7.7**	**3.3**	**3.7**	**3.7**	**--**
Diversifying Strategies Historical Benchmark	*0.5*	*5.8*	*4.2*	*3.5*	*3.9*	*--*
Liquid Defensive/Diversifying	**0.6**	**7.2**	**2.6**	**3.5**	**3.4**	**--**
Liquid Defensive Historical Benchmark	*0.3*	*4.8*	*2.7*	*1.4*	*2.7*	*--*
Illiquid Diversifying	**3.1**	**11.4**	**8.2**	**4.9**	**--**	**--**
Illiquid Diversifying Historical Benchmark	*2.2*	*12.8*	*12.9*	*9.9*	*--*	*--*

Total Fund performance shown is net of fees.
Relevant valuations may not have been available for all underlying Global Equity, Real Assets, and Diversifying Strategies managers at the time this report was produced; in such cases, most recent available data is used.
Benchmarks for Broad Growth and its underlying components contain lagged index returns. Please see the Appendix for current and historical custom benchmark compositions.

Asset Class Performance Summary

	Market Value ($)	% of Portfolio	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)
Global Equity	**10,713,482,303**	**100.0**	**7.4**	**13.0**	**11.5**	**7.9**
Global Equity Historical Benchmark			*6.1*	*22.8*	*18.5*	*10.2*
Public Equity	**5,495,778,879**	**51.3**	**14.4**	**16.7**	**15.5**	**8.0**
MSCI AC World IMI Index (Net)			*14.9*	*24.2*	*19.5*	*10.6*
Active Public Equity	**3,944,125,512**	**36.8**	**14.0**	**13.7**	**13.6**	**6.6**
Alliance Bernstein	540,363,141	5.0	10.7	7.3	12.4	5.8
BlackRock Alpha Tilt	946,267,456	8.8	14.1	26.3	21.3	12.3
Longview	515,395,482	4.8	9.9	-5.9	3.5	4.1
Wellington (Mid-Large Cap)	674,742,656	6.3	15.3	17.7	20.7	10.1
MSCI AC World Index (Net)			*14.9*	*23.7*	*19.7*	*11.0*
Wasatch	552,866,030	5.2	16.4	0.7	8.2	0.7
Wellington (Small Cap)	714,490,747	6.7	16.5	25.6	16.7	8.4
MSCI ACWI Small Cap (Net)			*14.9*	*28.8*	*17.4*	*7.4*
Passive Public Equity	**1,551,653,368**	**14.5**	**15.3**	**24.7**	**20.4**	**11.6**
Legal & General	1,485,194,279	13.9	15.0	24.1	20.0	11.3
Parametric Equity Overlay	66,459,089	0.6	--	--	--	--
MSCI AC World Index (Net)			*14.9*	*23.7*	*19.7*	*11.0*
Private Equity	**5,217,703,424**	**48.7**	**0.8**	**9.2**	**7.5**	**9.1**
Hamilton Lane	4,542,070,452	42.4	0.2	8.5	7.4	9.1
HITIP I Stafford	8,005,214	0.1	0.3	49.1	22.3	8.0
HITIP II Stafford	41,632,654	0.4	0.6	1.4	-2.4	5.2
HITIP III Stafford	72,218,838	0.7	9.5	13.7	4.7	4.7
Other Equity	553,776,266	5.2	4.8	14.6	8.3	10.3
Private Equity Historical Benchmark			*-2.7*	*20.6*	*16.6*	*10.1*

Performance shown is net of fees. Please see the Appendix for current and historical custom benchmark compositions.

Asset Class Performance Summary

	Market Value ($)	% of Portfolio	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)
Global Credit	**2,900,502,492**	**100.0**	**1.8**	**7.2**	**9.2**	**6.0**
Global Credit Historical Benchmark			*0.3*	*6.7*	*9.7*	*5.8*
Private Credit	**1,680,599,685**	**57.9**	**1.4**	**8.7**	**9.1**	**6.8**
Private Credit Historical Benchmark			*-0.8*	*6.9*	*9.8*	*6.0*
Public Credit	**1,219,902,807**	**42.1**	**2.4**	**5.1**	**10.0**	**5.7**
HPS Credit	1,027,067,045	35.4	2.0	4.6	9.2	5.2
Parametric Credit Overlay	192,835,762	6.6	--	--	--	--
Public Credit Historical Benchmark			*2.5*	*6.2*	*9.2*	*5.4*

Performance shown is net of fees. Please see the Appendix for current and historical custom benchmark compositions.

Asset Class Performance Summary

	Market Value ($)	% of Portfolio	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)
Real Assets	**5,187,659,888**	**100.0**	**1.4**	**5.9**	**3.8**	**5.4**
Real Assets Historical Benchmark			*4.7*	*9.7*	*9.2*	*9.9*
Real Estate	**2,294,079,816**	**44.2**	**1.1**	**3.0**	**-0.8**	**3.2**
Real Estate Historical Benchmark			*1.2*	*7.8*	*7.5*	*8.9*
Core Real Estate	**1,115,140,933**	**21.5**	**1.5**	**3.5**	**0.1**	**4.2**
Core Real Estate Historical Benchmark			*1.2*	*7.8*	*7.4*	*8.7*
Non-Core Real Estate	**1,178,938,884**	**22.7**	**0.8**	**2.6**	**-1.8**	**2.1**
Non-Core Real Estate Historical Benchmark			*1.2*	*7.8*	*7.6*	*9.2*
Agriculture	**426,987,764**	**8.2**	**0.5**	**2.8**	**2.5**	**--**
Agriculture Historical Benchmark			*4.6*	*-3.0*	*-1.4*	*--*
Timber	**218,620,309**	**4.2**	**0.3**	**-1.7**	**5.4**	**8.1**
Timber Historical Benchmark			*-2.7*	*-4.5*	*0.6*	*4.8*
Infrastructure	**2,247,971,998**	**43.3**	**2.0**	**10.7**	**10.0**	**8.8**
Infrastructure Historical Benchmark			*11.1*	*18.0*	*17.4*	*14.5*
Private Infrastructure	**1,094,055,632**	**21.1**	**1.9**	**7.6**	**8.2**	**7.7**
Infrastructure Historical Benchmark			*11.1*	*18.0*	*17.4*	*14.5*
Public Infrastructure	**411,720,222**	**7.9**	**-0.3**	**13.1**	**--**	**--**
Morgan Stanley Infrastructure	411,720,222	7.9	-0.3	13.1	--	--
Dow Jones Brookfield Global Infrastructure			*-0.4*	*12.4*	*--*	*--*
Other Real Assets	**742,196,144**	**14.3**	**3.5**	**13.6**	**8.4**	**--**
Morgan Stanley Olomana	740,437,151	14.3	3.6	13.6	8.8	--
Parametric Real Assets Overlay	1,758,992	0.0	--	--	--	--
Infrastructure Historical Benchmark			*11.1*	*18.0*	*17.4*	*--*

Performance shown is net of fees. Both performance and benchmark data for Real Assets component are sourced from BNY Mellon's time-weighted data. Please see the Appendix for current and historical custom benchmark compositions.

Asset Class Performance Summary

	Market Value ($)	% of Portfolio	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)
Liquid Defensive/Diversifying	**6,630,580,266**	**100.0**	**0.6**	**7.2**	**2.6**	**3.5**
Liquid Defensive Historical Benchmark			*0.3*	*4.8*	*2.7*	*1.4*
Defensive Return Capture	**293,172,440**	**4.4**	**-1.3**	**-0.4**	**-2.4**	**0.6**
36 South	293,172,440	4.4	-1.3	6.3	-3.5	--
Long Treasury Historical Benchmark			*0.9*	*2.9*	*-0.5*	*-4.9*
Discretionary Alpha	**810,820,566**	**12.2**	**5.4**	**14.3**	**9.4**	**7.0**
Aequim Relative Value Arbitrage	284,217,090	4.3	2.0	9.2	10.4	10.6
Aristeia Relative Value Arbitrage	254,139,168	3.8	2.8	6.6	6.6	5.2
Melqart Relative Value Arbitrage	240,626,054	3.6	1.7	8.6	11.5	--
Discretionary Alpha Benchmark			*0.2*	*2.7*	*4.4*	*4.4*
Intermediate Duration Treasury	**2,959,253,794**	**44.6**	**0.3**	**2.9**	**--**	**--**
Bank of Hawai'i Intermediate Duration	303,767,561	4.6	0.4	3.5	4.4	1.0
First Hawaiian Intermediate Duration	185,401,669	2.8	0.3	2.9	4.1	0.8
PIMCO Intermediate Duration	500,701,053	7.6	0.3	--	--	--
SLC Intermediate Duration	1,377,655,506	20.8	0.3	2.8	--	--
Parametric Intermediate Duration Overlay	591,728,005	8.9	--	--	--	--
Blmbg. U.S. Treasury: Intermediate			*0.2*	*2.7*	*4.1*	*0.9*
Long Duration Treasury	**724,095,169**	**10.9**	**0.8**	**2.9**	**-0.4**	**-3.1**
SLC Long Treasury	724,095,169	10.9	0.8	2.9	-0.4	-4.8
Long Treasury Historical Benchmark			*0.9*	*2.9*	*-0.5*	*-4.9*
Systematic Trend Following	**1,843,238,297**	**27.8**	**-1.0**	**16.1**	**-0.5**	**5.1**
Aspect	239,050,373	3.6	-0.6	13.8	-0.6	9.3
Broad Reach	180,433,710	2.7	-7.8	17.0	1.0	--
Crabel Advanced Trend	191,766,641	2.9	-0.3	25.7	-0.2	3.1
Mount Lucas	323,790,526	4.9	-0.1	8.3	-1.1	0.2
Parametric Trend Overlay	908,197,049	13.7	--	--	--	--
MLM Global Index EV Blend 15V			*0.1*	*9.3*	*1.0*	*2.0*

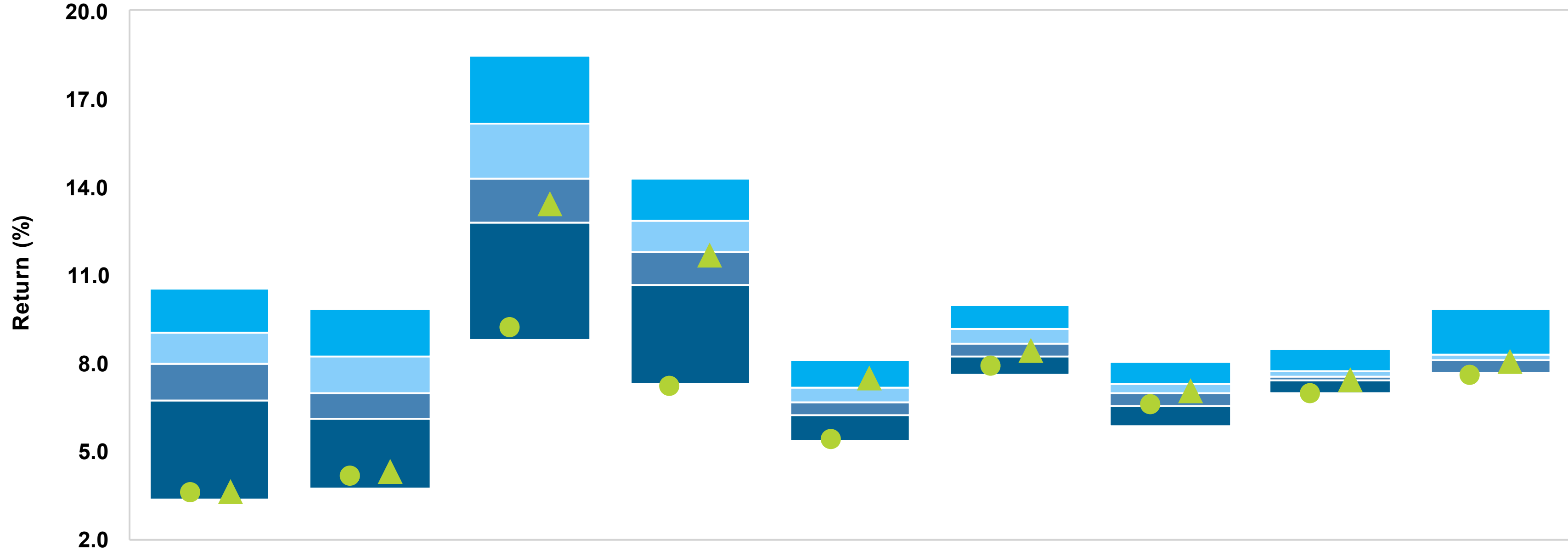
Performance shown is net of fees. Please see the Appendix for current and historical custom benchmark compositions. Market value for Discretionary Alpha includes that of Brevan Howard Disc Global Macro which is undergoing liquidation.

Asset Class Performance Summary	Market Value ($)	% of Portfolio	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)
Illiquid Diversifying	**910,934,986**	**100.0**	**3.1**	**11.4**	**8.2**	**4.9**
Illiquid Diversifying Historical Benchmark			*2.2*	*12.8*	*12.9*	*9.9*
Idiosyncratic Return Capture	**671,769,058**	**73.7**	**3.8**	**12.5**	**6.3**	**5.3**
Idiosyncratic Return Capture Historical Benchmark			*2.2*	*12.8*	*12.4*	*9.6*
Insurance Linked	**239,165,928**	**26.3**	**1.1**	**7.1**	**10.0**	**4.3**
Swiss Re Global Catastrophe Bond Index (Hedged)			*2.2*	*12.8*	*13.8*	*10.4*

Performance shown is net of fees. Please see the Appendix for current and historical custom benchmark compositions.

Plan Sponsor Peer Group Analysis

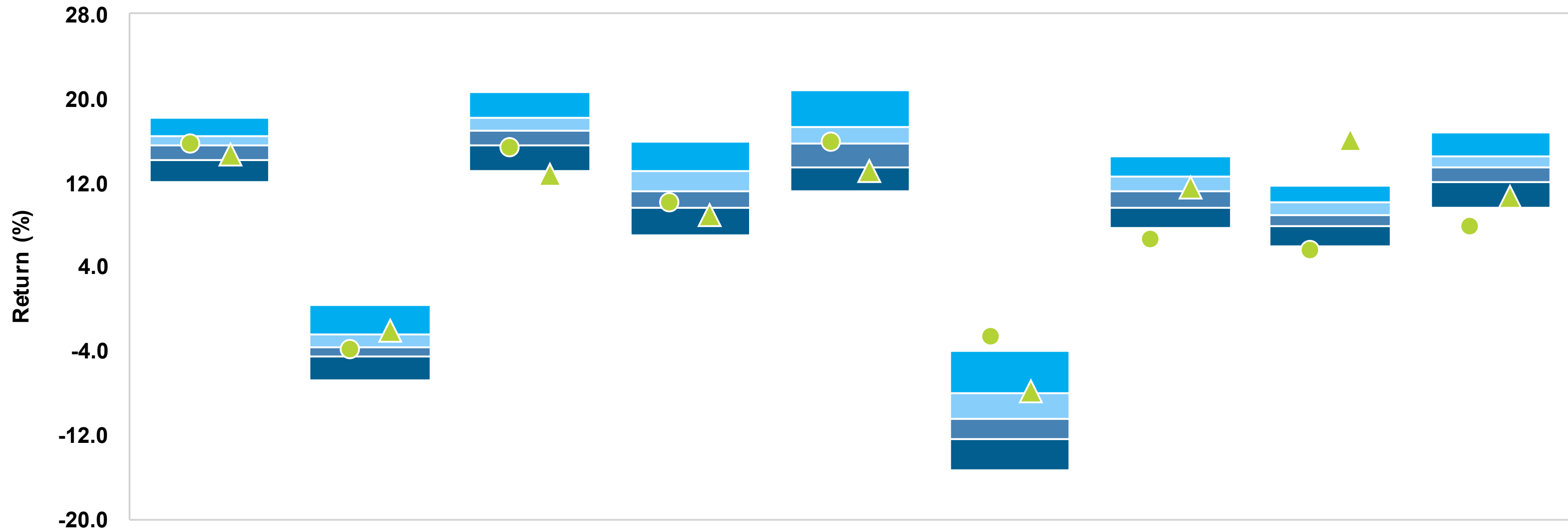
Peer Group Performance Comparison
Trailing Periods Ending June 30, 2026



	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	20 Yrs	30 Yrs	Since Inception
● Total Fund	3.6 (95)	4.2 (91)	9.2 (94)	7.2 (96)	5.4 (94)	7.9 (87)	6.6 (71)	7.0 (98)	7.6 (100)
▲ Market Benchmark	3.6 (95)	4.3 (90)	13.5 (69)	11.7 (55)	7.5 (18)	8.4 (67)	7.1 (46)	7.5 (67)	8.0 (54)
5th Percentile	10.5	9.9	18.5	14.3	8.2	10.0	8.1	8.5	9.9
1st Quartile	9.1	8.3	16.2	12.8	7.2	9.2	7.3	7.7	8.3
Median	8.0	7.0	14.3	11.8	6.7	8.7	7.0	7.5	8.1
3rd Quartile	6.7	6.1	12.8	10.7	6.2	8.2	6.6	7.4	7.7
95th Percentile	3.4	3.7	8.8	7.3	5.3	7.6	5.8	7.0	7.7
Population	75	75	75	75	71	69	47	19	7

Calculation based on monthly periodicity. Fiscal year begins on July 1. The plan sponsor peer group, InvMetrics Public DB >$1B Net universe, includes BNY Mellon Total Public Fund >$1B universe and Investment Metrics client data. Parenthesized numbers represent peer group percentile ranking.

Peer Group Performance Comparison
Calendar Year Returns



	2017 (%)	2018 (%)	2019 (%)	2020 (%)	2021 (%)	2022 (%)	2023 (%)	2024 (%)	2025 (%)
● Total Fund	15.8 (46)	-3.7 (56)	15.5 (78)	10.1 (72)	15.9 (49)	-2.6 (4)	6.8 (98)	5.7 (97)	8.0 (98)
▲ Market Benchmark	14.7 (64)	-2.0 (23)	12.8 (97)	8.9 (84)	13.2 (78)	-7.7 (22)	11.6 (42)	16.1 (1)	10.7 (92)
5th Percentile	18.2	0.5	20.7	15.9	20.8	-4.0	14.6	11.8	16.8
1st Quartile	16.5	-2.3	18.3	13.1	17.3	-8.0	12.7	10.1	14.5
Median	15.6	-3.5	17.0	11.3	15.8	-10.3	11.3	9.0	13.6
3rd Quartile	14.2	-4.5	15.6	9.7	13.5	-12.3	9.7	8.0	12.1
95th Percentile	12.1	-6.7	13.2	7.0	11.3	-15.3	7.8	6.1	9.7
Population	189	177	201	225	217	186	196	188	176

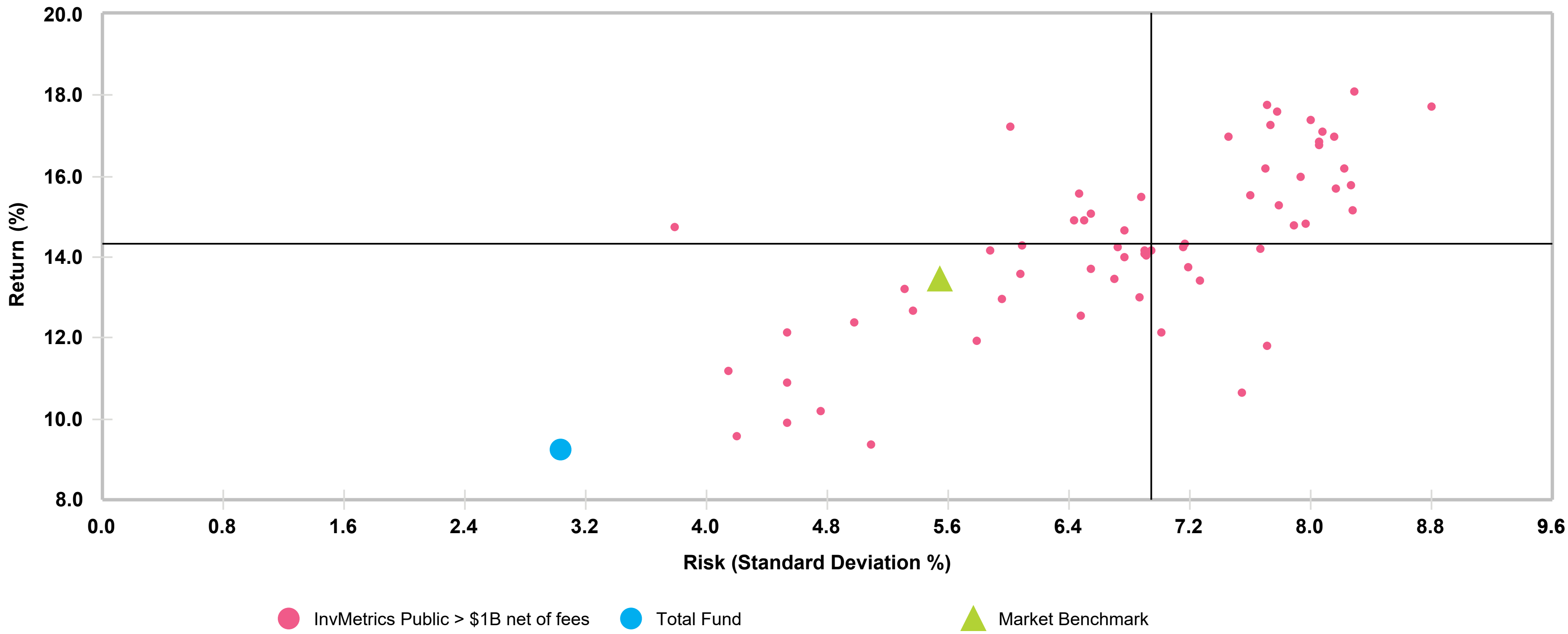
Calculation based on monthly periodicity. The plan sponsor peer group, InvMetrics Public DB >$1B Net universe, includes BNY Mellon Total Public Fund >$1B universe and Investment Metrics client data. Parenthesized numbers represent peer group percentile ranking.

Risk/Return Statistics | As of June 30, 2026

Risk/Return Statistics	1 Yr		3 Yrs		5 Yrs		7 Yrs		10 Yrs	
	Total Fund	Benchmark	Total Fund	Benchmark	Total Fund	Benchmark	Total Fund	Benchmark	Total Fund	Benchmark
RETURN SUMMARY STATISTICS										
Return	9.2	13.5	7.2	11.7	5.4	7.5	7.5	8.6	7.9	8.4
Excess Performance	-4.2	0.0	-4.4	0.0	-2.1	0.0	-1.1	0.0	-0.5	0.0
RISK SUMMARY STATISTICS										
Standard Deviation	3.0	5.5	2.9	5.3	3.7	5.8	5.5	6.3	5.6	5.9
Beta	0.5	1.0	0.4	1.0	0.5	1.0	0.7	1.0	0.8	1.0
RISK/RETURN SUMMARY STATISTICS										
Information Ratio	-1.1	-	-1.0	-	-0.5	-	-0.3	-	-0.2	-
Sharpe Ratio	1.7	1.6	0.8	1.3	0.5	0.7	0.8	0.9	1.0	1.0
Tracking Error	3.5	0.0	4.1	0.0	3.9	0.0	3.6	0.0	3.1	0.0

Net of fees performance is shown or used in calculating the statistics on this page.

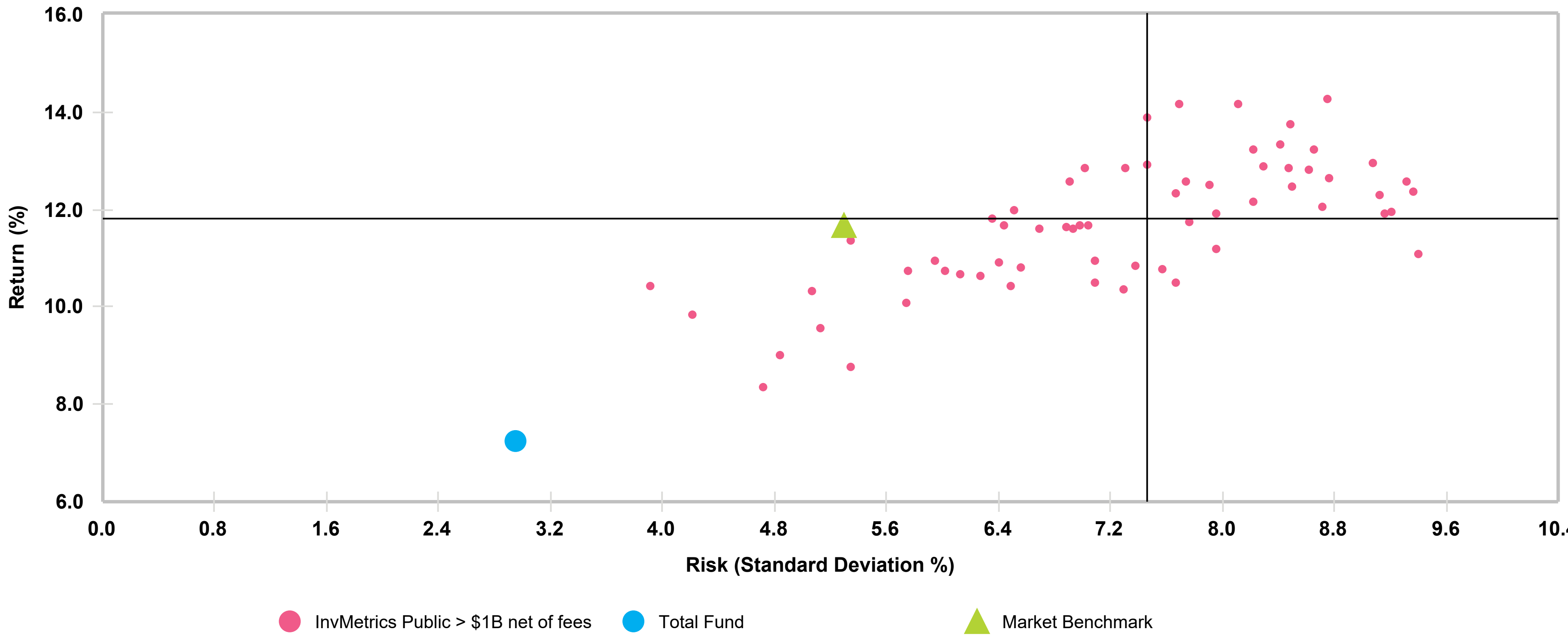
Annualized Return vs. Annualized Standard Deviation
1 Year ending June 30, 2026



	Return	Standard Deviation	Sharpe Ratio	Information Ratio
Total Fund	9.2 (94)	3.0 (3)	1.7 (7)	-1.1 (94)
Market Benchmark	13.5 (69)	5.5 (20)	1.6 (17)	-
Peer Benchmark Median	14.3	6.9	1.5	0.2

Peer Benchmark represents the plan sponsor peer group Peer Benchmark Net universe. Includes BNY Mellon Total Public Fund >$1B universe and Investment Metrics client data. Parenthesized numbers represent peer group percentile rank.

Annualized Return vs. Annualized Standard Deviation
3 Years ending June 30, 2026

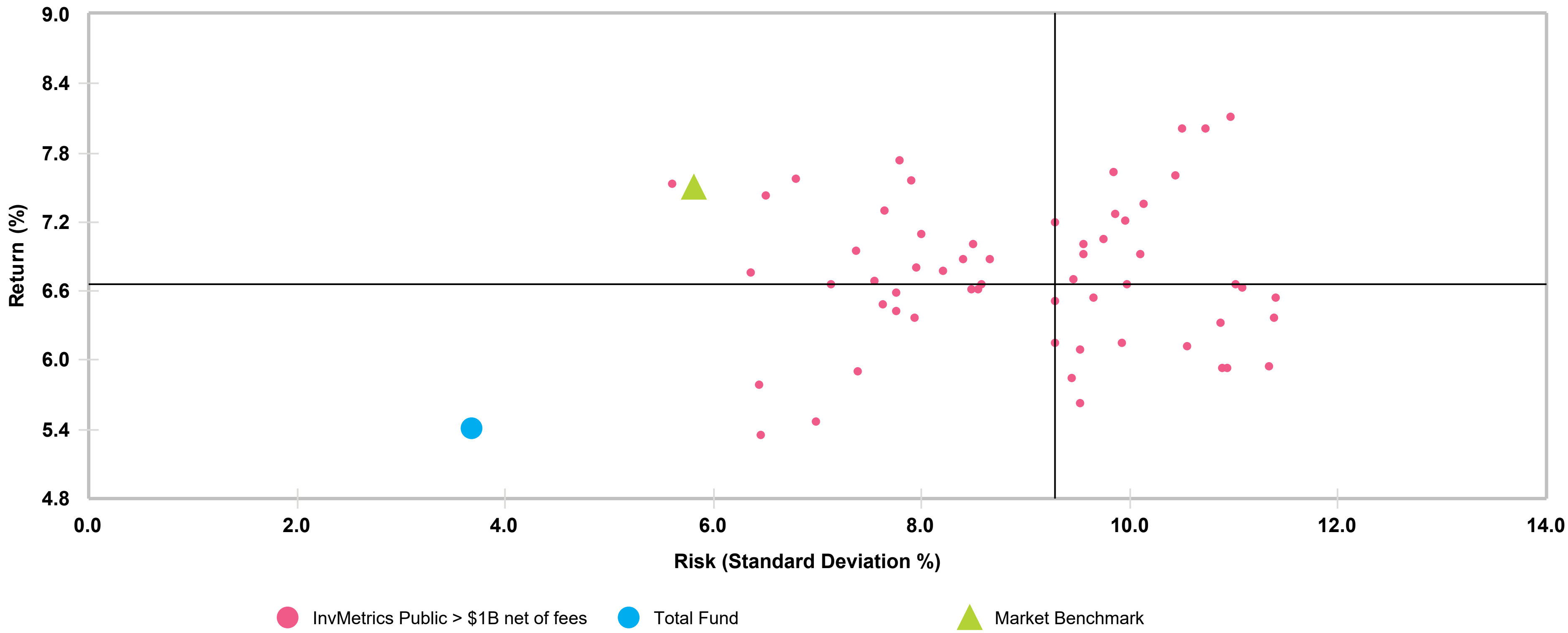


	Return	Standard Deviation	Sharpe Ratio	Information Ratio
Total Fund	7.2 (96)	2.9 (2)	0.8 (74)	-1.0 (96)
Market Benchmark	11.7 (55)	5.3 (14)	1.3 (1)	-
Peer Benchmark Median	11.8	7.5	0.9	0.0

Peer Benchmark represents the plan sponsor peer group Peer Benchmark Net universe. Includes BNY Mellon Total Public Fund >$1B universe and Investment Metrics client data. Parenthesized numbers represent peer group percentile rank.

Plan Sponsor Peer Group Analysis | As of June 30, 2026

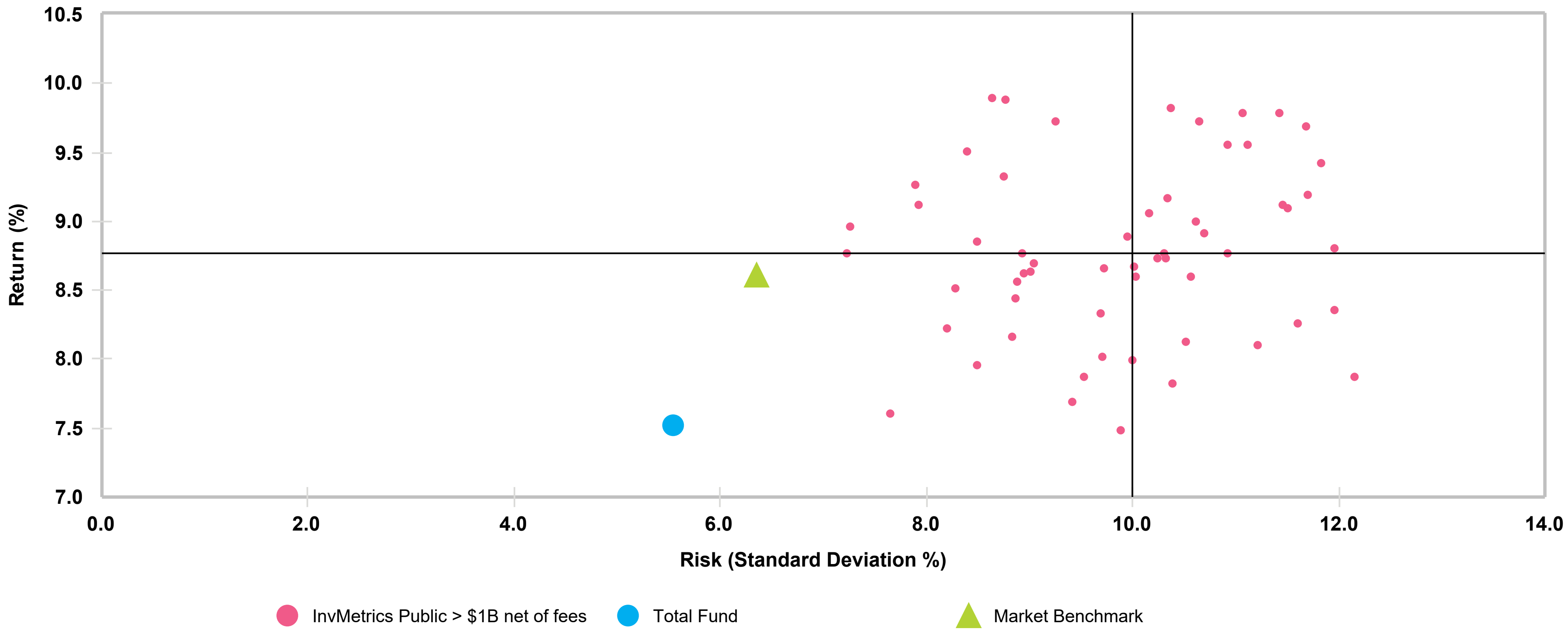
Annualized Return vs. Annualized Standard Deviation
5 Years ending June 30, 2026



	Return	Standard Deviation	Sharpe Ratio	Information Ratio
Total Fund	5.4 (94)	3.7 (1)	0.5 (18)	-0.5 (100)
Market Benchmark	7.5 (18)	5.8 (6)	0.7 (1)	-
Peer Benchmark Median	6.7	9.3	0.4	-0.1

Peer Benchmark represents the plan sponsor peer group Peer Benchmark Net universe. Includes BNY Mellon Total Public Fund >$1B universe and Investment Metrics client data. Parenthesized numbers represent peer group percentile rank.

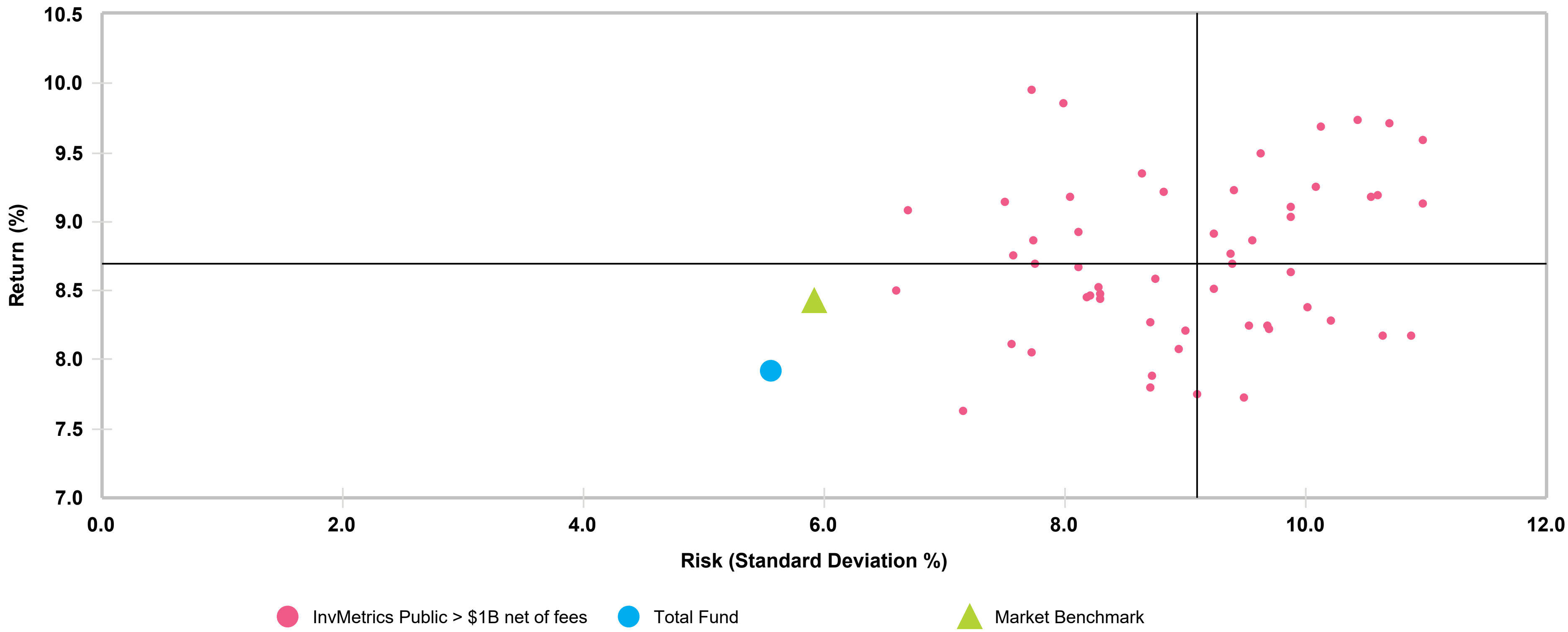
Annualized Return vs. Annualized Standard Deviation
7 Years ending June 30, 2026



	Return	Standard Deviation	Sharpe Ratio	Information Ratio
Total Fund	7.5 (94)	5.5 (1)	0.8 (5)	-0.3 (97)
Market Benchmark	8.6 (63)	6.3 (3)	0.9 (3)	-
Peer Benchmark Median	8.8	10.0	0.6	0.1

Peer Benchmark represents the plan sponsor peer group Peer Benchmark Net universe. Includes BNY Mellon Total Public Fund >$1B universe and Investment Metrics client data. Parenthesized numbers represent peer group percentile rank.

Annualized Return vs. Annualized Standard Deviation
10 Years ending June 30, 2026



	Return	Standard Deviation	Sharpe Ratio	Information Ratio
Total Fund	7.9 (87)	5.6 (2)	1.0 (5)	-0.2 (95)
Market Benchmark	8.4 (67)	5.9 (3)	1.0 (3)	-
Peer Benchmark Median	8.7	9.1	0.7	0.1

Peer Benchmark represents the plan sponsor peer group Peer Benchmark Net universe. Includes BNY Mellon Total Public Fund >$1B universe and Investment Metrics client data. Parenthesized numbers represent peer group percentile rank.

Appendix

Definition of Benchmarks

Bloomberg Aggregate is an index comprised of approximately 6,000 publicly traded investment-grade bonds including US Government, mortgage-backed, corporate, and yankee bonds with an approximate average maturity of 10 years.

Bloomberg Global High Yield is a multi-currency measure of the global high yield debt market. The Index is comprised of the US High Yield, the Pan-European High Yield, and Emerging Markets Hard Currency High Yield Indices. The high yield and emerging markets sub-components are mutually exclusive.

Bloomberg High Yield covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets (e.g., Argentina, Brazil, Venezuela, etc.) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures, 144-As and pay-in-kind bonds (PIKs, as of October 1, 2009) are also included. Must be rated high yield (Ba1/BB+ or lower) by at least two of the following ratings agencies: Moody's, S&P, Fitch. If only two of the three agencies rate the security, the lower rating is used to determine index eligibility. All issues must have at least one year to final maturity regardless of call features and have at least $150 million par amount outstanding.

Bloomberg Multiverse Non-US Hedged provides a broad-based measure of the international fixed-income bond market. The index represents the union of the BC Global Aggregate Index and the BC Global High Yield Index. In this sense, the term "Multiverse" refers to the concept of multiple universes in a single macro index.

Bloomberg US Credit includes publicly issued US corporate and foreign debentures and secured notes that which are rated investment grade or higher by Moody's Investor Services, Standard and Poor's Corporation, or Fitch Investors Service, with all issues having at least one year to maturity and an outstanding par value of at least $250 million. Issues must be publicly issued, dollar-denominated and non-convertible.

Bloomberg Universal includes market coverage by the Aggregate Bond Index fixed rate debt issues, which are rated investment grade or higher by Moody's Investor Services, Standard and Poor's Corporation, or Fitch Investors Service, with all issues having at least one year to maturity and an outstanding par value of at least $100 million) and includes exposures to high yield CMBS securities. All returns are market value weighted inclusive of accrued interest.

Bloomberg World Govt Inflation-Linked Bond (WGILB) measures the performance of the major government inflation-linked bond markets. The index is designed to include only those markets in which a global government linker fund is likely and able to invest. To be included a market must have aggregate issuance of $4 billion or more and have minimum rating of A3/A- for G7 and euro-zone issuers, Aa3/AA- otherwise, using the middle rating from Moody's, S&P and Fitch ("two out of three" rule). The index is available in local currency and in most major currencies hedged or un-hedged.

CBOE S&P 500 Buy Write Index (BXM) is a benchmark index designed to track the performance of a hypothetical buy-write strategy on the S&P 500 Index. Announced in April 2002, the BXM Index was developed by the CBOE in cooperation with Standard & Poor's. To help in the development of the BXM Index, the CBOE commissioned Professor Robert Whaley to compile and analyze relevant data from the time period from June 1988 through December 2001. Data on daily BXM prices now is available from June 30, 1986, to the present time (see below). The BXM is a passive total return index based on (1) buying an S&P 500 stock index portfolio, and (2) "writing" (or selling) the near-term S&P 500 Index (SPXSM) "covered" call option, generally on the third Friday of each month. The SPX call written will have about one month remaining to expiration, with an exercise price just above the prevailing index level (i.e., slightly out of the money). The SPX call is held until expiration and cash settled, at which time a new one-month, near-the-money call is written. Please visit the BXM FAQ for more information about the construction of the index.

CBOE S&P 500 Put Write Index (PUT) is a benchmark index designed to track the performance of a hypothetical cash-secured put-write strategy on the S&P 500 Index. Announced in June 2007, the PUT strategy is designed to sell a sequence of one-month, at-the-money, S&P 500 Index puts and invest cash at one- and three-month Treasury Bill rates. The number of puts sold varies from month to month, but is limited so that the amount held in Treasury Bills can finance the maximum possible loss from final settlement of the S&P 500 Index puts.

ICE BofA 3-Month US Treasury Bills (90-Day T-bills) tracks the performance of US Treasury bills with 3-month maturity.

Definition of Benchmarks (continued)

MLM Global Index is the first passive index of returns to futures investing. The objective of the Index strategy is to provide pure systematic trending following exposure in a consistent, efficient, and cost effective manner which captures the price risk premium offered by those who seek price certainty.

MSCI ACWI is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The Index captures large and mid-cap representation across 47 country indices comprising 23 developed and 24 emerging market country indices. The developed market country indices included are Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The emerging market country indices included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Russia, Qatar, South Africa, Taiwan, Thailand, Turkey, and the United Arab Emirates.

MSCI ACWI ex US ND comprises both developed and emerging markets less the United States. The index consisted of 22 counties classified as developed markets and 24 classified as emerging markets. This series approximates the minimum possible dividend reinvestment. The dividend is reinvested after deduction of withholding tax, applying the rate to non-resident individuals who do not benefit from double taxation treaties. MSCI uses withholding tax rates applicable to Luxembourg holding companies, as Luxembourg applies the highest rates.

MSCI ACWI IMI captures large, mid, and small cap representation across 23 developed markets and 24 emerging markets countries. The Index is comprehensive, covering approximately 99% of the global equity investment opportunity set.

MSCI ACWI Minimum Volatility is a global equity (developed and emerging markets) index constructed by MSCI that utilizes an estimated security co-variance matrix to produce an index that has the lowest absolute volatility for a given set of constraints. The estimated security co-variance matrix is based on the relevant Barra multi-factor equity model.

MSCI ACWI Small Cap is a free float-adjusted market capitalization weighted index captures the small cap representation across 23 developed markets and 24 emerging markets countries.

MSCI EAFE Free (Europe, Australasia, Far East) ND is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US & Canada. This series approximates the minimum possible dividend reinvestment. The dividend is reinvested after deduction of withholding tax, applying the rate to non-resident individuals who do not benefit from double taxation treaties. MSCI Barra uses withholding tax rates applicable to Luxembourg holding companies, as Luxembourg applies the highest rates.

MSCI EM (Emerging Markets) GD is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. This series approximates the maximum possible dividend reinvestment. The amount reinvested is the entire dividend distributed to individuals resident in the country of the company, but does not include tax credits.

MSCI Europe is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in Europe. As of June 2007, this index consisted of the following 16 developed market country indices: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

MSCI Pacific is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in the Pacific region. As of June 2007, this index consisted of the following 5 Developed Market countries: Australia, Hong Kong, Japan, New Zealand, and Singapore.

MSCI USA is a free float adjusted market capitalization index that is designed to measure large- and mid-cap US equity market performance. The MSCI USA Index is member of the MSCI Global Equity Indices and represents the US equity portion of the global benchmark MSCI ACWI Index.

MSCI World ex US ND is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The MSCI World Index consists of the following 22 developed market country indices: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.

Definition of Benchmarks (continued)

Morningstar Leveraged Loan (formerly **S&P Leveraged Loan)** is a capitalization-weighted syndicated loan index based upon market weightings, spreads, and interest payments. The Index covers the US market back to 1997.

NAREIT Index consists of all tax-qualified REITs listed on the New York Stock Exchange, American Stock Exchange, and the NASDAQ National Market System. The data is market weighted.

NCREIF Property Index (NPI) the NPI contains investment-grade, non-agricultural, income-producing properties which may be financed in excess of 5% gross market value; were acquired on behalf of tax exempt institutions; and are held in a fiduciary environment. Returns are gross of fees; including income, realized gains/losses, and appreciation/depreciation; and are market value weighted.

NCREIF Timberland Index is a quarterly time series composite return measure of investment performance of a large pool of individual timber properties acquired in the private market for investment purposes only. All properties in the Timberland Index have been acquired, at least in part, on behalf of tax-exempt institutional investors - the great majority being pension funds. As such, all properties are held in a fiduciary environment.

Russell 1000 measures the performance of the 1,000 largest securities in the Russell 3000 Index. Russell 1000 is highly correlated with the S&P 500 Index and capitalization weighted.

Russell 1000 Growth measures the performance of those Russell 1000 securities with a greater-than-average growth orientation. Securities in this index tend to exhibit higher price-to-book and price-earnings ratios, lower dividend yields and higher forecasted growth values than the Value universe.

Russell 1000 Value measures the performance of those Russell 1000 securities with a less-than-average growth orientation. Securities in this index tend to exhibit lower price-to-book and price-earnings ratios, higher dividend yields and lower forecasted growth values than the Growth universe.

Russell 2000 measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index.

Russell 2000 Growth measures the performance of those Russell 2000 securities with a greater-than-average growth orientation. Securities in this index tend to exhibit higher price-to-book and price-to-earnings ratios.

Russell 2000 Value measures the performance of those Russell 2000 securities with a less-than-average growth orientation. Securities in this index tend to exhibit lower price-to-book and price-to-earnings ratios.

Russell 3000 represents the largest 3,000 US companies based on total market capitalization, representing approximately 98% of the investable US equity market.

S&P 500 is an index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

Plan Structure Evolution

Prior to 10/2014, Employees' Retirement System of the State of Hawaii (“ERS” or “Plan”) had an allocation policy based asset classes (such as US Large Cap Equity, Developed International Equity, Real Estate). Since 10/2014, the ERS has adopted a risk-based, functional framework which uses strategic/functional classes designed to achieve a certain goal and/or be exposed to a specific set of macroeconomic risks through various underlying asset classes and strategies. Since then, the plan structure and the nomenclature of its components have evolved over time to fit the ERS’s needs. This page summarizes this evolution since 10/2014 on a high level.

<table>
<tr><th>10/2014-06/2016</th><th>07/2016-03/2017</th><th>04/2017-06/2020</th><th>07/2020-12/2023</th><th>01/2024-Current</th></tr>
<tr>
<td>Total Fund
→ Broad Growth
→ Principal Protection
→ Real Return
→ Real Estate</td>
<td>Total Fund
→ Broad Growth
→ Principal Protection
→ Real Return</td>
<td>Total Fund
→ Broad Growth
→ Principal Protection
→ Real Return
→ Crisis Risk Offset (CRO)</td>
<td colspan="2">Total Fund
→ Broad Growth
→ Diversifying Strategies</td>
</tr>
<tr>
<td>Broad Growth
→ Growth-Oriented
→ Private Growth
→ Stabilized Growth</td>
<td colspan="2" rowspan="2">Broad Growth
→ Traditional Growth
→ Private Growth
→ Stabilized Growth</td>
<td rowspan="3">Broad Growth
→ Public Growth
• Traditional Growth
• Stabilized Growth
→ Private Growth
→ Real Assets</td>
<td rowspan="3">Broad Growth
→ Global Equity
→ Global Credit
→ Real Assets</td>
</tr>
<tr><td>Real Estate</td></tr>
<tr><td colspan="3">Real Return
→ Public Inflation-Linked
→ Private Inflation-Linked</td></tr>
<tr>
<td colspan="3">Principal Protection</td>
<td rowspan="2">Diversifying Strategies
→ Liquid Defensive
• Treasury / Agency Duration
• Systematic Trend
• Defensive Return
→ Liquid Diversifying
• Alternative Return
• Relative Value
→ Illiquid Diversifying
• Insurance-Linked
• Idiosyncratic Return</td>
<td rowspan="2">Diversifying Strategies
→ Liquid Defensive / Diversifying
• Systematic Trend
• Defensive Return
• Intermediate Duration
• Long Duration
• Discretionary Alpha
→ Illiquid Diversifying
• Insurance-Linked
• Idiosyncratic Return</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Crisis Risk Offset (CRO)
→ Treasury Duration Capture
→ Systematic Trend Following
→ Alternative Return Capture</td>
</tr>
</table>

Custom Benchmarks

This section includes the compositions of custom benchmarks currently in use. Policy Benchmarks for Total Fund, Broad Growth, and Diversifying Strategies are presented first, followed by the benchmarks of their lower-level composites sorted according to the Plan structure. Discontinued custom benchmarks are listed separately afterward and are noted as such when they appear in this section.

Market Benchmark (Total Fund Policy Benchmark)

From	To	Market Benchmark (Total Fund Policy Benchmark)
01/01/2024	Current	70% Broad Growth Historical Benchmark, 30% Diversifying Strategies Historical Benchmark
07/01/2022	12/31/2023	65% Broad Growth Benchmark, 35% Diversifying Strategies Benchmark
07/01/2021	06/30/2022	67.5% Broad Growth Benchmark, 32.5% Diversifying Strategies Benchmark
07/01/2020	06/30/2021	72% Broad Growth Benchmark, 28% Diversifying Strategies Benchmark
01/01/2019	06/30/2020	68% Broad Growth Benchmark, 16% Crisis Risk Offset Benchmark, 8% Principal Protection Benchmark, 8% Real Return Benchmark
01/01/2018	12/31/2018	72% Broad Growth Benchmark, 13% Crisis Risk Offset Benchmark, 8% Principal Protection Benchmark, 7% Real Return Benchmark
04/01/2017	12/31/2017	76% Broad Growth Benchmark, 10% Crisis Risk Offset Benchmark, 9% Principal Protection Benchmark, 5% Real Return Benchmark
07/01/2016	03/31/2017	83% Broad Growth Benchmark, 12% Principal Protection Benchmark, 5% Real Return Benchmark
10/01/2014	06/30/2016	76% Broad Growth Benchmark, 12% Principal Protection Benchmark, 5% Real Return Benchmark, 7% NCREIF Property Index (Qtr Lagged)

From	To	Total Fund Asset-Based Policy Benchmarks (prior to the Functional Allocation Framework)
07/01/2013	09/30/2014	30% Russell 3000, 26% MSCI AC World ex US (Net), 15% Bloomberg Universal, 5% Bloomberg Multiverse ex US (Hedged), 7% NCREIF Property Index (Qtr Lagged), 7% ERS Private Equity Performance, 5% ERS Real Return Performance, 5% CBOE S&P 500 BuyWrite (BXM)
07/01/2012	06/30/2013	30% Russell 3000, 26% MSCI AC World ex US (Net), 15.75% Bloomberg Universal, 5.25% Bloomberg Multiverse ex US (Hedged), 7% NCREIF Property Index (Qtr Lagged), 6% ERS Private Equity Performance, 5% ERS Real Return Performance, 5% CBOE S&P 500 BuyWrite (BXM)
10/01/2011	06/30/2012	35% Russell 3000, 18% MSCI World ex US, 3% MSCI Emerging Markets, 18% Bloomberg Universal, 6% Bloomberg Multiverse ex US (Hedged), 7% NCREIF Property Index (Qtr Lagged), 5% ERS Private Equity Performance, 5% ERS Real Return Performance, 3% CBOE S&P 500 BuyWrite (BXM)
07/01/2011	09/30/2011	41% Russell 3000, 14.5% MSCI World ex US, 2.5% MSCI Emerging Markets (Net), 21% Bloomberg Universal, 7% Bloomberg Multiverse ex US (Hedged), 9% NCREIF Property Index (Qtr Lagged), 5% ERS Alternative Investments Performance
01/01/2009	06/30/2011	41% Russell 3000, 14.5% MSCI EAFE Free, 2.5% MSCI Emerging Markets (Net), 21% Bloomberg Universal, 7% Bloomberg Multiverse ex US (Hedged), 9% NCREIF Property Index (Qtr Lagged), 5% ERS Alternative Investments Performance
06/01/1990	12/31/2008	34.9% S&P 500, 4.5% S&P 400 MidCap, 4.5% Russell 2000, 14.5% MSCI EAFE Free, 2.5% MSCI Emerging Markets, 21% Bloomberg Aggregate, 7% Bloomberg Multiverse ex US (Hedged), 7.5% NCREIF Property Index (Qtr Lagged), 3.6% ERS Alternative Investments Performance

Custom Benchmarks: Immediate Sub-Composites of Total Fund

Broad Growth Historical Benchmark

From	To	Broad Growth Historical Benchmark
01/01/2024	Current	56% Global Equity Historical Benchmark, 17% Global Credit Historical Benchmark, 27% Real Assets Historical Benchmark
07/01/2022	12/31/2023	50% Public Growth Benchmark, 28% Private Growth Benchmark, 22% Real Assets Historical Benchmark
07/01/2021	06/30/2022	66% Public Growth Benchmark, 20% Private Growth Benchmark, 14% Real Assets Historical Benchmark
07/01/2020	06/30/2021	70% Public Growth Benchmark, 16% Private Growth Benchmark, 14% Real Assets Historical Benchmark
01/01/2019	06/30/2020	41% Traditional Growth Benchmark, 41% Stabilized Growth Benchmark, 18% Private Growth Benchmark
01/01/2018	12/31/2018	43% Traditional Growth Benchmark, 43% Stabilized Growth Benchmark, 14% Private Growth Benchmark
07/01/2016	12/31/2017	45% Traditional Growth Benchmark, 45% Stabilized Growth Benchmark, 10% Private Growth Benchmark
01/01/2016	06/30/2016	77% Traditional Growth Benchmark, 17% Stabilized Growth Benchmark, 6% Private Growth Benchmark
10/01/2014	12/31/2015	78% Traditional Growth Benchmark, 17% Stabilized Growth Benchmark, 5% Private Growth Benchmark

For the historical components Traditional Growth Benchmark and Private Growth Benchmark please refer to Public Equity Benchmark and Private Equity Benchmark, respectively.

Public Growth Benchmark and Stabilized Growth Benchmark are no longer in use. Please see their historical compositions in the "Discontinued Custom Benchmarks" section.

Diversifying Strategies Benchmark

From	To	Diversifying Strategies Benchmark
01/01/2024	Current	86.7% Liquid Defensive Historical Benchmark, 13.3% Illiquid Diversifying Historical Benchmark
07/01/2022	12/31/2023	45% Liquid Defensive Historical Benchmark, 40% Liquid Diversifying Benchmark, 15% Illiquid Diversifying Historical Benchmark
04/01/2017	06/30/2022	50% Liquid Defensive Historical Benchmark, 40% Liquid Diversifying Benchmark, 10% Illiquid Diversifying Historical Benchmark

Liquid Diversifying Benchmark is no longer in use. Please see its historical compositions in the "Discontinued Custom Benchmarks" section.

Custom Benchmarks: Global Equity Composite

Global Equity Historical Benchmark

Global Equity composite was created effective on 01/01/2024 to aggregate the Public and Private Equity components which had previously existed within separate higher-level composites. Accordingly, the Global Equity Policy Benchmark was retroactively reconstructed for periods prior to 01/01/2024 reflecting the historical policy targets for the underlying Public and Private Equity components.

From	To	Global Equity Historical Benchmark
01/01/2024	Current	51.3% Public Equity Historical Benchmark, 48.7% Private Equity Historical Benchmark
07/01/2022	12/31/2023	54.3% Public Equity Historical Benchmark, 45.7% Private Equity Historical Benchmark
07/01/2021	06/30/2022	64.7% Public Equity Historical Benchmark, 35.3% Private Equity Historical Benchmark
07/01/2020	06/30/2021	70.8% Public Equity Historical Benchmark, 29.2% Private Equity Historical Benchmark
01/01/2019	06/30/2020	69.5% Public Equity Historical Benchmark, 30.5% Private Equity Historical Benchmark
01/01/2018	12/31/2018	75.4% Public Equity Historical Benchmark, 24.6% Private Equity Historical Benchmark
07/01/2016	12/31/2017	81.8% Public Equity Historical Benchmark, 18.2% Private Equity Historical Benchmark
01/01/2016	06/30/2016	92.8% Public Equity Historical Benchmark, 7.2% Private Equity Historical Benchmark
10/01/2014	12/31/2015	94.0% Public Equity Historical Benchmark, 6.0% Private Equity Historical Benchmark
07/01/2013	09/30/2014	88.9% Public Equity Historical Benchmark, 11.1% Private Equity Historical Benchmark

Public Equity Historical Benchmark

From 10/2014 through 12/2023, public equity assets have resided within the Broad Growth strategic class with names such as “Traditional Growth” or “Traditional Equity”. Thus, Public Equity Benchmark may be considered the successor of Traditional Growth and Traditional Equity Benchmarks. Please note that Public Equity Benchmark is different from the discontinued Public Growth Benchmark; its historical benchmark composition is included in the “Discontinued Custom Benchmarks” section.

From	To	Public Equity Historical Benchmark
10/01/2014	Current	100% MSCI All Country World Investable Market Index (Net)
07/01/2012	09/30/2014	53.6% Russell 3000, 46.4% MSCI All Country World ex US (Net)
10/01/2011	06/60/2014	62.5% Russell 3000, 32.1% MSCI World ex US (Net), 5.4% MSCI Emerging Markets (Net)
07/01/2011	09/30/2011	70.7% Russell 3000, 25.0% MSCI World ex US (Net), 4.3% MSCI Emerging Markets (Net)
01/01/2009	06/30/2011	70.7% Russell 3000, 25.0% MSCI EAFE (Net), 4.3% MSCI Emerging Markets (Net)
03/01/2008	12/31/2008	57.3% S&P 500, 7.4% S&P Mid Cap 400, 7.4% Russell 2000, 23.8% MSCI EAFE (Net), 4.1% MSCI Emerging Markets (Net)

Custom Benchmarks: Global Equity Composite (continued)

Private Equity Historical Benchmark

From 10/2014 through 12/2023, private equity assets have resided within the Broad Growth strategic class as "Private Growth". Thus, Private Equity Benchmark may be considered the successor of Private Growth Benchmark.

From	To	Private Equity Historical Benchmark
01/01/2024	Current	100% MSCI ACWI IMI (Net) (Quarter Lagged)
10/01/2014	12/31/2023	100% MSCI ACWI IMI (Net) +2% (Quarter Lagged)
10/01/2011	09/30/2014	Private Equity Actual Performance

Custom Benchmarks: Global Credit Composite

Global Credit Historical Benchmark

From	To	Global Credit Historical Benchmark
01/01/2024	Current	33.3% Public Credit Historical Benchmark, 66.7% Private Credit Historical Benchmark
07/01/2021	12/31/2023	50% Public Credit Historical Benchmark, 50% Private Credit Historical Benchmark
07/01/2020	06/30/2021	25% Public Credit Historical Benchmark, 75% Private Credit Historical Benchmark
10/01/2014	06/30/2020	100% Public Credit Historical Benchmark

Public Credit Historical Benchmark

From	To	Public Credit Historical Benchmark
07/01/2021	Current	50% Bloomberg Global High Yield (Hedged), 50% Morningstar LSTA US Leveraged Loan 100 Index
07/01/2020	06/30/2021	50% Bloomberg Global High Yield (Hedged), 50% Morningstar LSTA US Leveraged Loan 100 Index*
10/01/2014	06/30/2020	50% Bloomberg Global Credit (Hedged) 33.3% Bloomberg Global High Yield (Hedged), 16.7% Morningstar LSTA US Leveraged Loan 100 Index*

Private Credit Historical Benchmark

From	To	Private Credit Historical Benchmark
01/01/2024	Current	50% Bloomberg Global High Yield (Hedged) (Quarter Lagged), 50% Morningstar LSTA US Leveraged Loan 100 Index (Quarter Lagged)
07/01/2021	12/31/2023	25% Bloomberg Global High Yield (Hedged) +1% (Month Lagged), 25% Morningstar LSTA US Leveraged Loan 100 Index +1% (Month Lagged), 25% Bloomberg Global High Yield (Hedged) +1% (Quarter Lagged), 25% Morningstar LSTA US Leveraged Loan 100 Index +1% (Quarter Lagged)
07/01/2020	06/30/2021	50% Bloomberg Global High Yield (Hedged) +1% (Month Lagged), 50% Morningstar LSTA US Leveraged Loan 100 Index +1% (Month Lagged)*
11/01/2019	06/30/2020	100% Public Credit Historical Benchmark

From 11/2019 to 06/2020, Private Credit Benchmark is the same as Public Credit Benchmark.

Notes on Component Indices

Historically, prior to 07/01/2021, Morningstar LSTA US Leveraged Loan Index (formerly known as "S&P LSTA US Leveraged Loan Index") was used in the places where Morningstar LSTA US Leveraged Loan 100 Index occurs on this page. Due to licensing issues, Morningstar LSTA US Leveraged Loan 100 Index is applied retroactively to periods prior to 07/2021. Compositions which historically used Morningstar LSTA US Leveraged Loan Index are marked on this page with an asterisk (*).

Custom Benchmarks: Real Assets Composite

Real Assets Historical Benchmark

Real Assets composite contains the following asset classes: Real Estate (Core and Non-Core), Agriculture (or Farmland), Timberland, Infrastructure (Private and Public), and Other Real Assets. They existed separately under various higher level composites at different points in the Plan's history prior to the Real Asset composite's inception in 07/2020.

Prior to 07/2016, **Real Estate** was an immediate sub-composite of Total Fund. From 07/2016 through 06/2020, Core Real Estate and Non-Core Real Estate were separately subsumed into Stabilized Growth and Private Growth categories respectively (which were both contained within Broad Growth). From 10/2014 to 07/2020, **Agriculture, Timber, and Infrastructure** constituted the Private Inflation-Linked component within Real Return, an immediate subordinate of Total Fund.

The Real Assets Policy Benchmark for periods prior to 07/2020 were retroactively reconstructed using the historical policy allocation targets for the underlying components.

From	To	Real Assets Historical Benchmark
01/01/2024	Current	47% Real Estate Historical Benchmark, 7% Agriculture Historical Benchmark, 9% Timber Historical Benchmark, 37% Infrastructure Historical Benchmark
07/01/2022	12/31/2023	70% Real Estate Historical Benchmark, 10% Agriculture Historical Benchmark, 10% Timber Historical Benchmark, 10% Infrastructure Historical Benchmark
07/01/2021	06/30/2022	70% Real Estate Historical Benchmark, 8% Agriculture Historical Benchmark, 12% Timber Historical Benchmark, 10% Infrastructure Historical Benchmark
07/01/2020	06/30/2021	75% Real Estate Historical Benchmark, 5% Agriculture Historical Benchmark, 12.5% Timber Historical Benchmark, 7.5% Infrastructure Historical Benchmark
01/01/2019	06/30/2020	52% Real Estate Historical Benchmark, 48% Real Return Benchmark
01/01/2018	12/31/2018	57% Real Estate Historical Benchmark, 43% Real Return Benchmark
04/01/2017	12/31/2017	70% Real Estate Historical Benchmark, 30% Real Return Benchmark
07/01/2016	06/30/2017	75% Real Estate Historical Benchmark, 25% Real Return Benchmark
01/01/2016	06/30/2016	80% Real Estate Historical Benchmark, 20% Real Return Benchmark
10/01/2014	12/31/2015	83% Real Estate Historical Benchmark, 17% Real Return Benchmark

Custom Benchmarks: Real Assets Composite (continued)

Real Estate Historical Benchmark

Real Estate composite became effective in 01/2024 as an aggregate of the Core and Non-Core Real Estate components. The Real Estate Policy Benchmark was retroactively reconstructed for periods prior to 01/2024 reflecting the historical policy allocation targets for the underlying Core and Non-Core components.

From	To	Real Estate Historical Benchmark
01/01/2024	Current	100% FTSE EPRA NAREIT Global REITs Index (Gross) (Quarter Lagged)
07/01/2022	12/31/2023	57.1% Core Real Estate Historical Benchmark, 42.9% Non-Core Real Estate Historical Benchmark
07/01/2021	06/30/2022	55.7% Core Real Estate Historical Benchmark, 44.3% Non-Core Real Estate Historical Benchmark
07/01/2020	06/30/2021	53.3% Core Real Estate Historical Benchmark, 46.7% Non-Core Real Estate Historical Benchmark
07/01/2019	06/30/2020	60% Core Real Estate Historical Benchmark, 40% Non-Core Real Estate Historical Benchmark
07/01/2018	06/30/2019	66% Core Real Estate Historical Benchmark, 34% Non-Core Real Estate Historical Benchmark
07/01/2017	06/30/2018	73% Core Real Estate Historical Benchmark, 27% Non-Core Real Estate Historical Benchmark
07/01/2016	06/30/2017	80% Core Real Estate Historical Benchmark, 20% Non-Core Real Estate Historical Benchmark
07/01/2013	06/30/2016	100% Core Real Estate Historical Benchmark

Core Real Estate Historical Benchmark

From	To	Core Real Estate Historical Benchmark
01/01/2024	Current	100% FTSE EPRA NAREIT Global REITs Index (Gross) (Quarter Lagged)
01/01/2018	12/31/2023	100% NCREIF ODCE (Net) (Quarter Lagged)
07/01/2013	12/31/2017	100% NCREIF Property Index (Net) (Quarter Lagged)

Non-Core Real Estate Historical Benchmark

From 07/2016-06/2020, this composite sat within Private Growth segment and was benchmarked against Private Equity Benchmark (formerly, “Private Growth Benchmark”).

From	To	Non-Core Real Estate Historical Benchmark
01/01/2024	Current	100% FTSE EPRA NAREIT Global REITs Index (Gross) (Quarter Lagged)
07/01/2020	12/31/2023	100% NCREIF ODCE (Net) +1% (Quarter Lagged)
07/01/2016	06/30/2020	100% Private Equity Historical Benchmark
07/01/2013	06/30/2016	100% NCREIF Property Index (Net) (Quarter Lagged)

Custom Benchmarks: Real Assets Composite (continued)

Agriculture Historical Benchmark

From	To	Agriculture Historical Benchmark
01/01/2024	Current	100% S&P GCSI Agriculture Index (Quarter Lagged)
10/01/2021	12/31/2023	100% NCREIF Farmland Index (Quarter Lagged)

Timber Historical Benchmark

From	To	Timber Historical Benchmark
01/01/2024	Current	100% S&P Global Timber & Forestry Index (Net) (Quarter Lagged)
09/01/1999	12/31/2023	100% NCREIF Timberland Index (Quarter Lagged)

Infrastructure Historical Benchmark

From	To	Infrastructure Historical Benchmark
01/01/2024	Current	100% Dow Jones Brookfield Global Infrastructure Index (Net) (Quarter Lagged)
12/01/2014	12/31/2023	100% Consumer Price Index (Seasonally Adjusted) +4%

Custom Benchmarks: Diversifying Strategies Composite

Liquid Defensive Historical Benchmark

From	To	Liquid Defensive Historical Benchmark
01/01/2024	Current	30.8% MLM Global Index EV (Blend), 15.4% Bloomberg US Treasury: Long Index, 53.8% Bloomberg US Treasury: Intermediate Index
07/01/2022	12/31/2023	40% MLM Global Index EV (Blend), 40% 90-Day T-Bill +2.5%, 15% Bloomberg US Treasury: Long Index, 5% Bloomberg US Intermediate Aggregate ex Credit
07/01/2021	06/30/2022	35% MLM Global Index EV (Blend), 20% 90-Day T-Bill +2.5%, 15% Bloomberg US Treasury: Long Index, 15% Bloomberg US Intermediate Aggregate ex Credit, 15% Bloomberg US TIPS 5+ Year Index
07/01/2016	06/30/2021	40% MLM Global Index EV (Blend), 30% Bloomberg US Treasury: Long Index, 30% Bloomberg US Intermediate Aggregate ex Credit Index

Defensive Return Capture

Defensive Return Capture composite uses the Long Duration Treasury Historical Benchmark as its benchmark. Historically, it had used a historical benchmark with the same composition as Discretionary Alpha Benchmark.

Discretionary Alpha Benchmark

From	To	Discretionary Alpha Benchmark
01/01/2024	Current	100% Bloomberg US Treasury: Intermediate Index
07/01/2020	12/31/2023	100% 90-Day T-Bill +2.5%

Intermediate Duration Treasury Benchmark

From	To	Intermediate Duration Treasury Benchmark
01/01/2024	Current	100% Bloomberg US Treasury: Intermediate Index
04/01/2017	12/31/2023	100% Bloomberg US Intermediate Aggregate ex Credit

Long Duration Treasury Historical Benchmark

From	To	Long Duration Treasury Historical Benchmark
04/01/2022	Current	100% Bloomberg US Treasury: Long Index
02/01/2021	03/31/2022	50% Bloomberg US Treasury: Long Index, 50% Bloomberg TIPS 5+ Year Index
04/01/2017	01/31/2021	100% Bloomberg US Treasury: Long Index

Custom Benchmarks: Diversifying Strategies Composite (continued)

MLM Global Index EV (Blend)

MLM Global Index EV (Blend) is used as the benchmark for the Systematic Trend Following composite and as a component of other custom benchmarks.

From	To	MLM Global Index EV (Blend)
04/01/2019	Current	100% MLM Global Index EV (15V)
04/01/2017	03/31/2019	100% MLM Global Index LT 15V

Illiquid Diversifying Historical Benchmark

From	To	Illiquid Diversifying Historical Benchmark
01/01/2024	Current	100% Swiss RE Global Catastrophe Bond Hedged Index
07/01/2022	12/31/2023	65% 90-Day T-Bills +3.5%, 35% Swiss RE Global Catastrophe Bond Hedged Index
07/01/2021	06/30/2022	50% 90-Day T-Bills +3.5%, 50% Swiss RE Global Catastrophe Bond Hedged Index
04/01/2014	06/30/2021	65% 90-Day T-Bills +3.5%, 35% Swiss RE Global Catastrophe Bond Hedged Index

Idiosyncratic Return Capture Historical Benchmark

From	To	Idiosyncratic Return Capture Historical Benchmark
01/01/2024	Current	100% Swiss RE Global Catastrophe Bond Hedged Index
07/01/2020	12/31/2023	100% 90-Day T-Bills +3.5%

Discontinued Custom Benchmarks

This section includes only the discontinued custom benchmarks which have been a component of current custom benchmarks' history and does not include all the discontinued historical custom benchmarks. The items in this section are ordered alphabetically.

Crisis Risk Offset (CRO) Benchmark

Crisis Risk Offset (CRO) Benchmark was a component of Total Fund Policy Benchmark from 2017 to 2020. The composite consisted of Systematic Trend Following, Alternative Return Capture, and Treasury Duration Capture (in the form of long duration treasuries) components.

From	To	Crisis Risk Offset (CRO) Benchmark
04/01/2019	06/30/2020	35% MLM Global Index EV (Blend), 40% 90-day T-Bills +2.5%, 25% Bloomberg US Treasury: Long Index
04/01/2017	03/31/2019	45% MLM Global Index EV (Blend), 30% 90-day T-Bills +5%, 25% Bloomberg US Treasury: Long Index

Liquid Diversifying Benchmark

Liquid Diversifying Benchmark was a component of Diversifying Strategies Benchmark from 2017 through 2023.

From	To	Liquid Diversifying Benchmark
04/01/2017	12/31/2023	100% 90-Day T-Bills +2.5%

Options-Based Equity Benchmark

Options-Based Equity Benchmark was a component of Public Growth Benchmark from 2020 to 2022.

From	To	Options-Based Equity Benchmark
07/01/2020	06/30/2022	50% CBOE S&P 500 PutWrite (PUT), 35% CBOE MSCI EAFE PutWrite (PXEA), 15% CBOE MSCI Emerging Markets PutWrite (PXEF)

Principal Protection Benchmark

Principal Protection Benchmark was a component of Total Fund Policy Benchmark from 2014 to 2020. The composite primarily consisted of intermediate duration bonds.

From	To	Principal Protection Benchmark
01/01/2018	06/30/2020	55% Bloomberg US Intermediate ex Credit Index, 45% Bloomberg Global Intermediate ex Credit Index (Hedged)
10/01/2014	12/31/2017	100% Bloomberg Global Intermediate ex Credit Index (Hedged)

Discontinued Custom Benchmarks (continued)

Public Growth Benchmark

Public Growth Benchmark was a component of Broad Growth Benchmark from 2020 through 2023. Please see Global Credit Benchmark and Traditional Growth Benchmark in the Current Custom Benchmarks section under Global Credit Benchmark and Public Equity Benchmark respectively.

From	To	Public Growth Benchmark
07/01/2022	12/31/2023	66.5% Traditional Growth Benchmark, 20% Global Credit Benchmark, 8% MSCI ACWI Minimum Volatility (Net), 5.5% ICE BofA All US Convertibles All Qualities (VXA0)
07/01/2021	06/30/2022	55.5% Traditional Growth Benchmark, 16% Options-Based Equity Benchmark, 15.5% Global Credit Benchmark, 9% MSCI ACWI Minimum Volatility (Net), 4% ICE BofA All US Convertibles All Qualities (VXA0)
07/01/2020	06/30/2021	55.5% Traditional Growth Benchmark, 20% Options-Based Equity Benchmark, 15.5% Global Credit Benchmark, 9% MSCI ACWI Minimum Volatility (Net)

Real Return Benchmark

Real Return Benchmark was a component of Total Fund Policy Benchmark from 2014 to 2020.

From	To	Real Return Benchmark
10/01/2014	06/30/2020	100% Consumer Price Index (Seasonally Adjusted) +3%

Stabilized Growth Benchmark

Stabilized Growth Benchmark was a component of Broad Growth Benchmark from 2014 to 2020.

From	To	Stabilized Growth Benchmark
01/01/2018	06/30/2020	8.5% Bloomberg Global Credit (Hedged), 5.67% Bloomberg Global High Yield (Hedged), 17% CBOE S&P 500 BuyWrite (BXM), 17% CBOE S&P 500 PutWrite (PUT), 2.83% Morningstar LSTA Leveraged Loan, 8.5% MSCI ACWI ex US (Net), 8.5% 90-day T-Bills, 17% MSCI ACWI Minimum Volatility (Net), 15% NCREIF ODCE Index (Net) (Quarter Lagged)
07/01/2016	12/31/2017	8.5% Bloomberg Global Credit (Hedged), 5.67% Bloomberg Global High Yield (Hedged), 17% CBOE S&P 500 BuyWrite (BXM), 17% CBOE S&P 500 PutWrite (PUT), 2.83% Morningstar LSTA Leveraged Loan, 8.5% MSCI ACWI ex US (Net), 8.5% 90-day T-Bills, 17% MSCI ACWI Minimum Volatility (Net), 15% NCREIF Property Index (Net) (Quarter Lagged)
10/01/2014	06/30/2016	30% Bloomberg Global Credit (Hedged), 20% Bloomberg Global High Yield (Hedged), 40% CBOE S&P 500 BuyWrite (BXM), 10% Morningstar LSTA Leveraged Loan Index

Performance Attribution Glossary

Performance Attribution is the process of comparing a portfolio's performance with its benchmark identifying and quantifying the sources of differential returns (also called active returns).

Differential Returns / Active Returns / Value Added are the difference between the return on a portfolio and the return on the benchmark.

Impact on Return

Attribution Segment	Definition	Formula	Where:
Weighting (also called allocation, sector allocation, or pure sector allocation)	The effects of portfolio manager decisions to over/underweight each sector	$(w_i - W_i) \times (b_i - b)$	w_i= portfolio segment weight W_i = benchmark segment weight b_i= benchmark segment return b = total benchmark return
Selection (also called within-sector selection)	The effects of portfolio manager decision to buy specific securities	$(r_i - b_i) \times W_i$	r_i= portfolio segment return b_i = benchmark segment return W_i = benchmark segment weight
Interaction (also called allocation/selection interaction)	The effects of portfolio managers decisions to security selection can inadvertently cause sector over/underweighting	$(r_i - b_i) \times (w_i - W_i)$	r_i= portfolio segment return b_i = benchmark segment return w_i = portfolio segment weight W_i = benchmark segment weight

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MEKETA

Employees' Retirement System of the State of Hawaii

August 24, 2026

Asset-Liability Study Part 2: Baseline Model Output

Goals of Today

1. Review *Asset-Liability Study* (“ALS”) timeline
2. Review key takeaways from *Risk & Implementation Survey*
3. Examine historical context from prior asset-liability studies
4. Present baseline asset-liability modeling results, focused on current policy portfolio
5. Discuss preliminary asset-only output, examining potential directional changes
6. Receive feedback/guidance for final modeling process

Asset-Liability Study Timeline

TODAY

March 2026

Completion of Risk Survey.

May 2026

CMA Discussion.
Risk Survey Results.

August 2026

Preliminary results focusing on current policy portfolio and directionality of potential changes.

October 2026

Updated ALS output.
Adoption of new long-term policy portfolio.

→ Meketa and Staff expect to conclude the Asset-Liability Study at the 2026 HIERS Summit.

Important Notes

→ **From an asset allocation perspective, the ERS portfolio is already in an attractive position.**

- Any changes will either be marginal and/or reflect new Board/IC perspectives.
- A critical consideration for the ERS will be the tradeoff between Illiquid classes and Public Equity.
- Throughout all modeled scenarios, overall ERS liquidity is not a major risk.

→ <u>From Meketa's perspective, the end result of this asset-liability study will be a refinement of the portfolio and an improved understanding of the overall financial condition of the ERS.</u>

Risk and Implementation Survey Results - Review

Risk & Implementation Survey – Key Takeaways

- For some of the most important questions, there was general consensus within and across the Board and Staff.
- *Compared to prior HIERS surveys, as well as other Meketa clients, there are more areas of divergent responses.*
  - This is not necessarily a negative, but it should encourage additional dialogue during the overall asset-liability modeling process.
  - Moreover, the areas of divergence are likely due, in part, to new members of the Board and Staff.

- <u>Primary objectives highlighted throughout the responses:</u>
  - Both groups are critically focused on improving the funded ratio over both the medium- and long-term; this is a critical objective.
    - This is consistent across previous asset-liability studies.
  - No respondent from either group favors reducing portfolio risk; it is largely a decision about keeping risk the same or increasing.
  - It will be important to examine probabilities of experiencing downside scenarios (for investment returns and funded status) and their corresponding impacts (e.g., liquidity, contributions, etc.).
    - Certain viewpoints on downside funded ratio thresholds may be unrealistic if the global capital markets were to experience significantly deteriorating economic conditions.

Historical Context: Prior Asset-Liability Studies

Prior Asset-Liability Studies

2009	2015	2019	2023
• 1st comprehensive ALS • ERS begins to operate through a risk-first lens	• 2nd comprehensive ALS • Further refinement of risk management at ERS • Development of the CRO/DS blueprint (implemented in 2017)	• 3rd comprehensive ALS • Expansion of CRO into a broader DS class	• Latest comprehensive ALS • Continued commitment to private markets classes

→ The ERS was materially impacted by the 08'/09 GFC experience.

→ Throughout all asset-liability studies completed in the last 17 years, there was a continual focus on building a well diversified, risk-focused asset allocation.

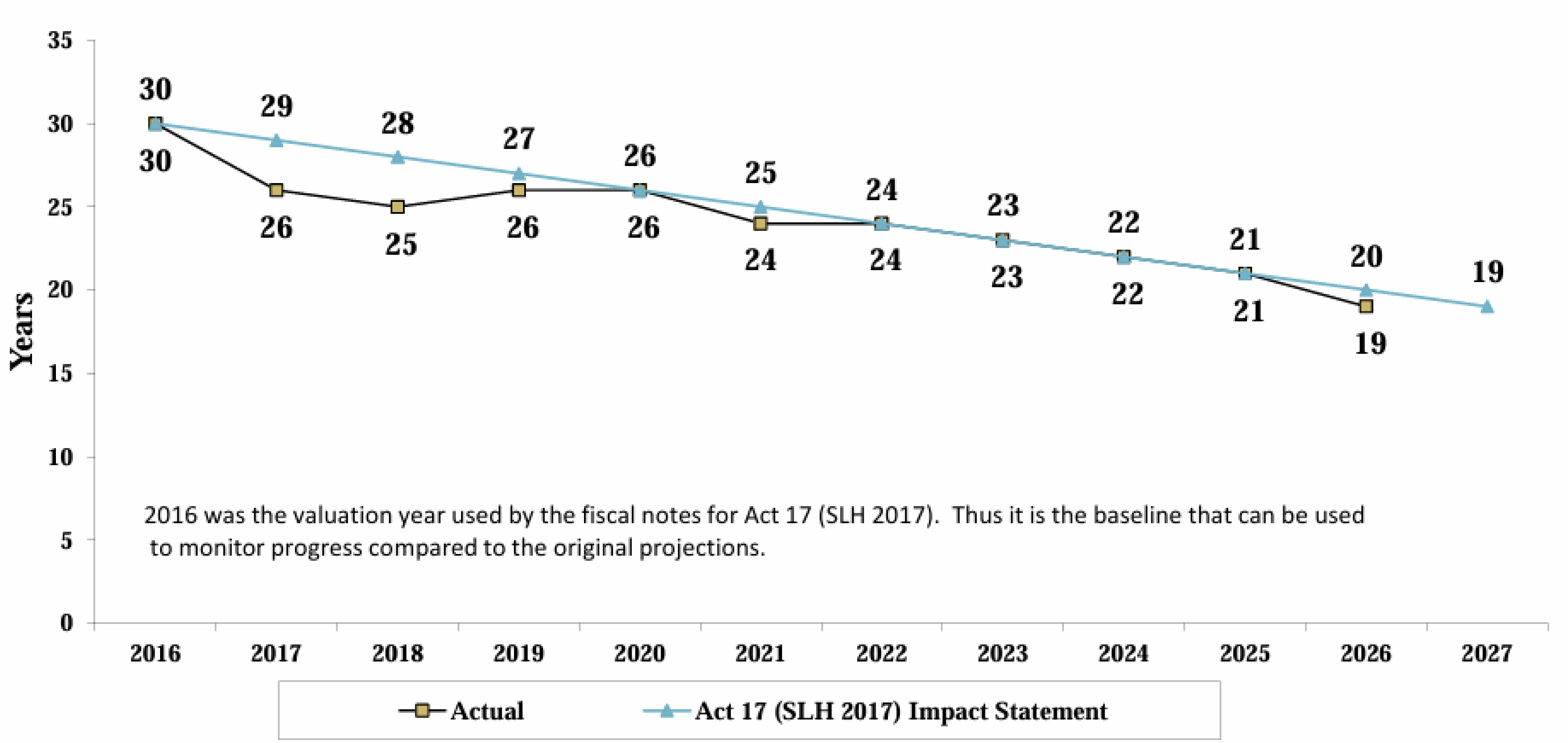
→ ERS Board desired to develop an allocation that would minimize surprises relative to the actuarial/funding projections of the ERS.

- The last three studies explicitly sought to "maximize return subject to funded status volatility."

FY 2026 Funded Status Projections from Prior ALS	Preliminary Actual FY 2026 Funded Status
• 2019 ALS = ~65% • 2023 ALS = ~65%	• GRS Preliminary Valuation = ~65%

→ ERS's actual experience has been aligned with previously stated goals.

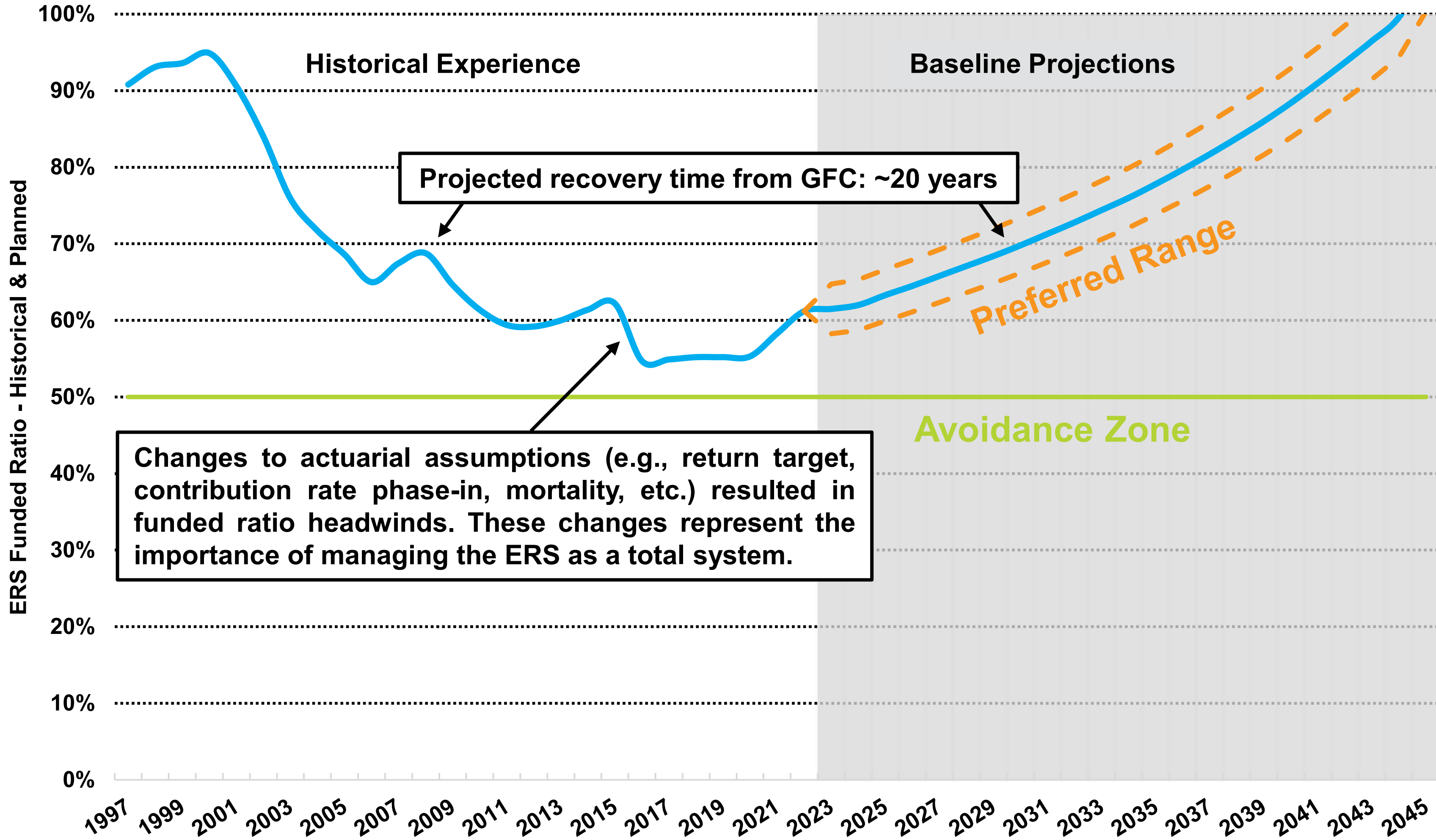
Projection of Funding Period from 2016 Legislative Impact Statement vs. Actual Outcome*



→ The ERS has continued to follow the projection path, but the allocation structure (i.e., less Public Equity) came at a cost: the ERS did not benefit as much as peers in the Public Equity bull market of the last 10+ years.

*Source: GRS July 2026 presentation to the ERS Board

Funded Status Projection from 2023 ALS



→ In the 2023 ALS, an explicit goal was to stay as close to the funded status projection as possible.

Source: GRS valuation reports and ACFRs

Takeaways for 2026 ALS

- The most critical consideration for the ERS during the 2026 ALS is how much, if at all, does the ERS want to deviate from the allocation decisions of the last 10+ years.
  - This largely relates to the amount of Public Equity in the ERS portfolio.
  - Public Equity can act as a material tailwind or headwind for the overall health of the ERS.
    - Very few other asset classes can exhibit this influence on the overall portfolio.
- As detailed in the preliminary results (shown later in the presentation), it is possible to modestly increase the Public Equity allocation within the ERS while generally staying true to the existing risk-focused structure of the ERS that was put in place 10+ years ago.

ALS Process - Overview

What is an asset-liability study?

An asset-liability study evaluates whether the Plan's investment strategy is positioned to meet its projected benefit obligations across a range of scenarios.

Integrated modeling

Models the Plan's assets and liabilities together, rather than evaluating investment strategy in isolation

Multi-year projections

Projects funded status, contribution requirements, and cash flow needs over a multi-year horizon

Enterprise risk stress-testing

Stress-tests the portfolio against risks determined to be material via enterprise risk analysis

Strategy comparison

Compares alternative asset allocation strategies on a risk-adjusted basis

Goal: The study turns funding objectives into an actionable investment policy.

How does the asset-liability study benefit the Board?

The study gives the Board an objective, forward-looking framework for setting investment policy and satisfying its fiduciary obligations.

Independent analysis
Provides an independent, data-driven basis for asset allocation decisions

Risk/return clarity
Clarifies the risk/return trade-offs across candidate portfolios before a policy is adopted

Funding impact
Quantifies the funding and contribution implications of alternative strategies

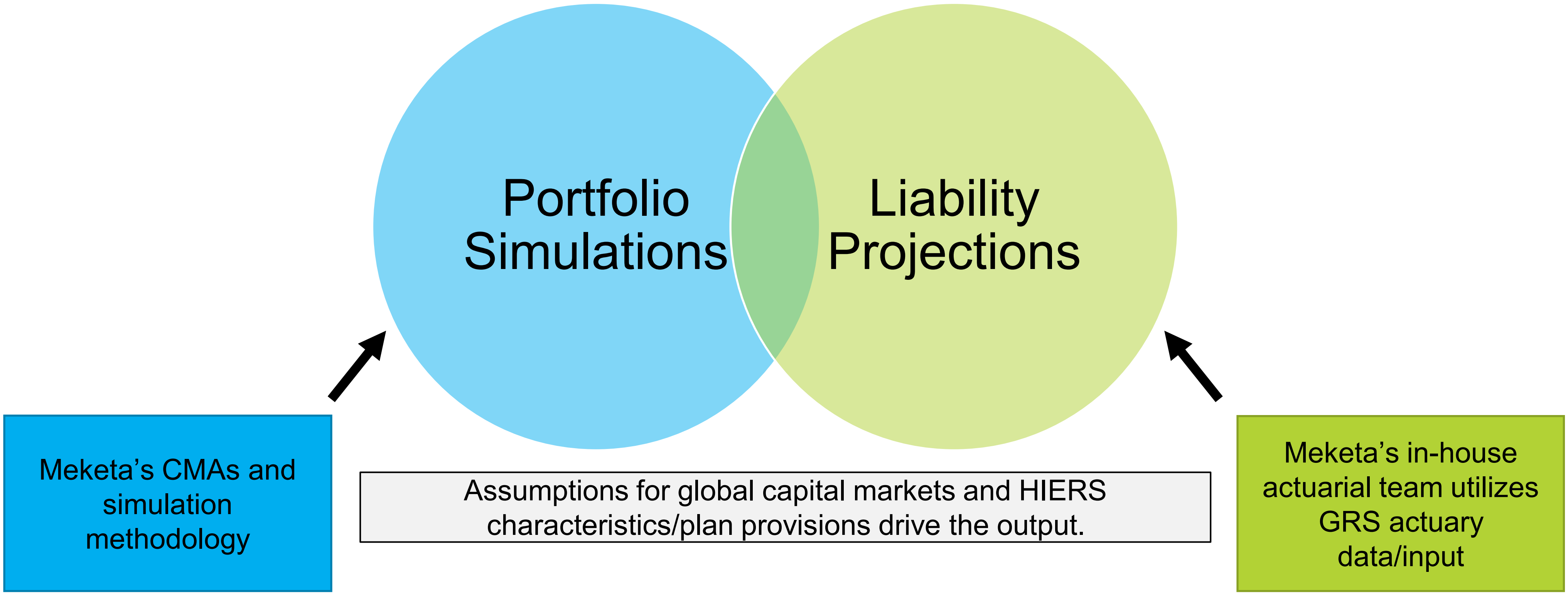
Fiduciary documentation
Documents the Board's due diligence process for regulatory and audit purposes

Ongoing framework
Establishes a shared framework for revisiting policy as the Plan's circumstances change

The study gives the Board a defensible basis for its policy decisions.

Approach to Asset-Liability Studies

→ Asset-liability studies are the intersection of asset and liability projections.



Approach to Asset-Liability Studies

→ The actuarial value of assets (AVA) and actuarial accrued liability (AAL) change from one year to the next in a formulaic fashion.

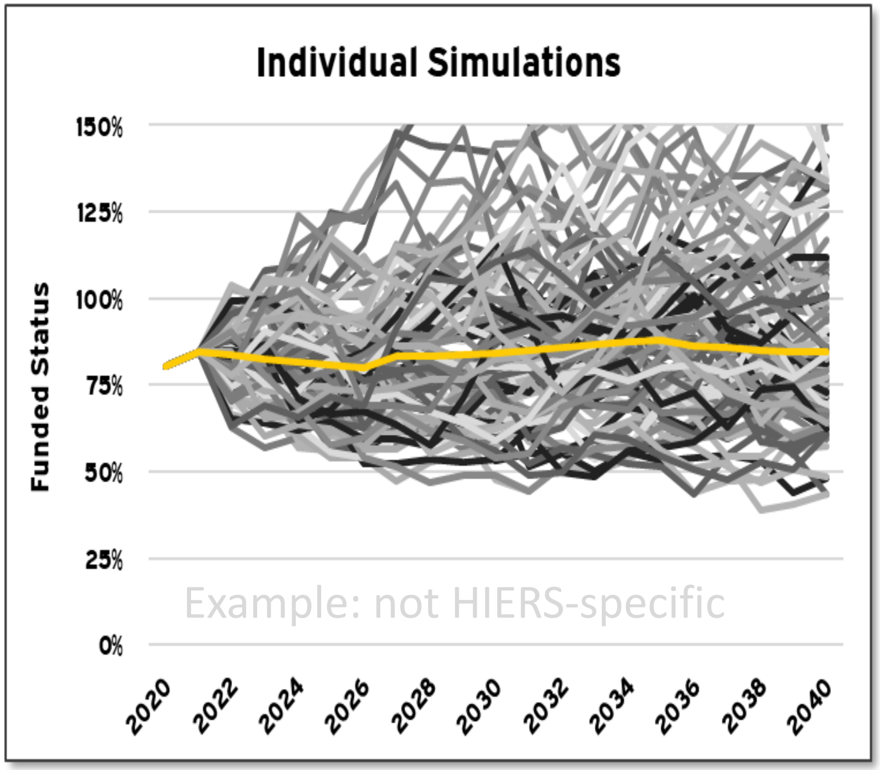
- Note: actuarial losses/gains are important considerations that are generally related to experience vs. assumptions.

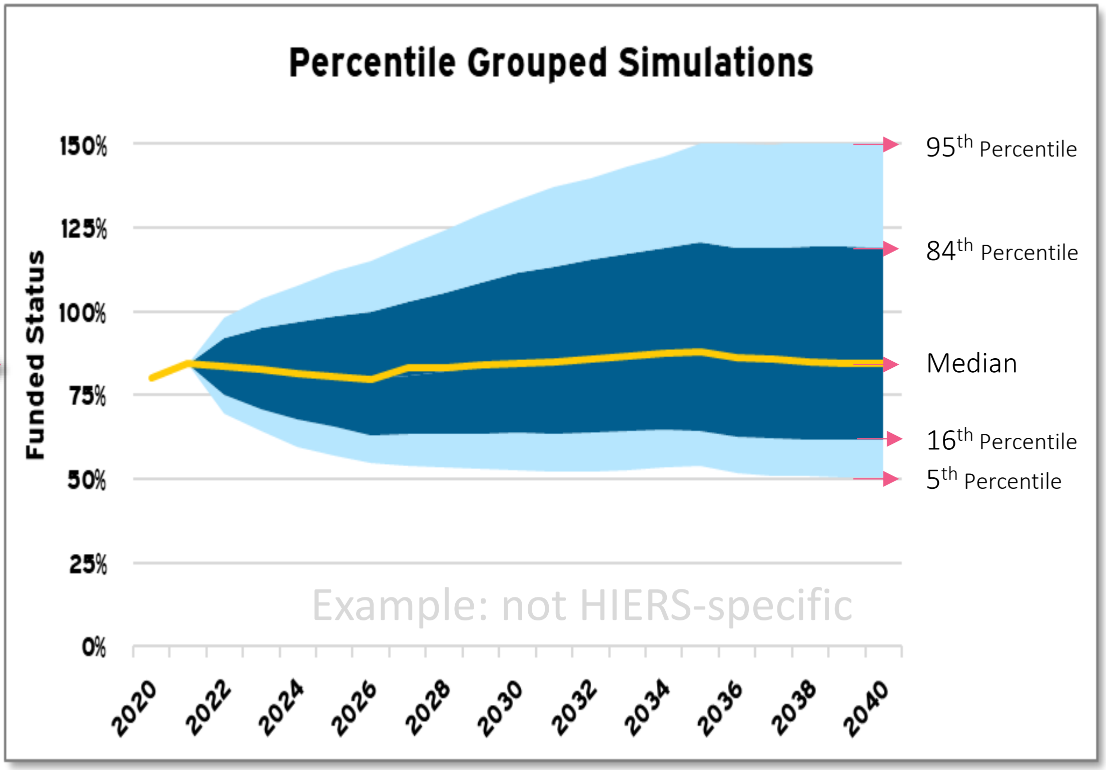
Asset-liability studies examine a wide range of modeled returns and corresponding impacts.

Example: Change in AVA and AAL	
AVA at Beginning of Year	**AAL at Beginning of Year**
+ Contributions	+ Service cost (benefits accrued during year)
+ Actual return (accounting for any smoothing)	+ Interest cost
- Benefits paid	+/- Actuarial losses/gains during the year
- Expenses	- Benefits paid
= AVA at End of Year	**= AAL at End of year**

Example Asset-Liability Output

- Individual simulations that explore major asset-liability metrics (e.g., funded ratio) are combined into corridors of percentiles.
- Discussions shift to focus on probabilities/groupings rather than point estimates.





Capital Market Assumptions

As presented in May

Setting Capital Market Assumptions ("CMAs")

→ CMAs are the inputs needed to calculate a portfolio's expected return, volatility, and relationships (i.e., correlations) to the broader markets.

- CMAs are also used in mean-variance optimization, simulation-based optimization, asset-liability modeling, and every other technique for finding "optimal" portfolios.

→ Consultants (including Meketa) generally set their CMAs once per year.

- Our results are typically published in January based on previous December 31 data.

→ This process involves setting long-term expectations for a variety of asset class/strategy attributes:

- Returns
- Standard Deviations
- Correlations

→ Meketa's process relies on both quantitative and qualitative methodologies.

→ We do not assume any "alpha generation", and all assumptions are inclusive of estimated fees.

As presented in May

HIERS Classes and Respective Expected Returns

		Notes/Primary Drivers of Changes	
Global Equity	Public Equity	Higher prices without commensurate earnings power/growth offset	⬇
	Private Equity	Pricing and distribution/liquidity challenges	⬇
Global Credit	Liquid Credit	Lower yields/spreads and base rates	⬇
	Private Credit	Lower yields, updated opportunity set weightings, and increased default/loss assumptions	⬇
Real Assets	Real Estate	Lower borrowing costs, more stabilized pricing, improved cap rates	⬆
	Infrastructure	Lower borrowing costs, continued strong fundamentals/growth	⬆
	Timberland and Agriculture	Lower borrowing costs, continued strong fundamentals/growth	⬆
Liquid Defensive	Systematic Trend Following	*De minimis change*	⬌
	Long US Treasuries	Lower yields	⬇
	Intermediate Duration Govt Bonds	Lower yields	⬇
Illiquid Diversifying	Reinsurance	Lower coupons/premium in catastrophe bond market	⬇

As presented in May

HIERS Classes and Respective Expected Returns

		2025 ER (%)	2026 ER (%)
Global Equity	Public Equity	6.7	6.3 ⬇
	Private Equity	9.8	9.0 ⬇
Global Credit	Liquid Credit	6.3	5.5 ⬇
	Private Credit	8.7	7.8 ⬇
Real Assets	Real Estate	7.2	7.5 ⬆
	Infrastructure	7.3	7.6 ⬆
	Timberland and Agriculture	4.6	5.7 ⬆
Liquid Defensive	Systematic Trend Following	3.4	3.5 ⬌
	Long US Treasuries	5.0	4.5 ⬇
	Intermediate Duration Govt Bonds	4.4	3.7 ⬇
Illiquid Diversifying	Reinsurance	7.6	6.5 ⬇

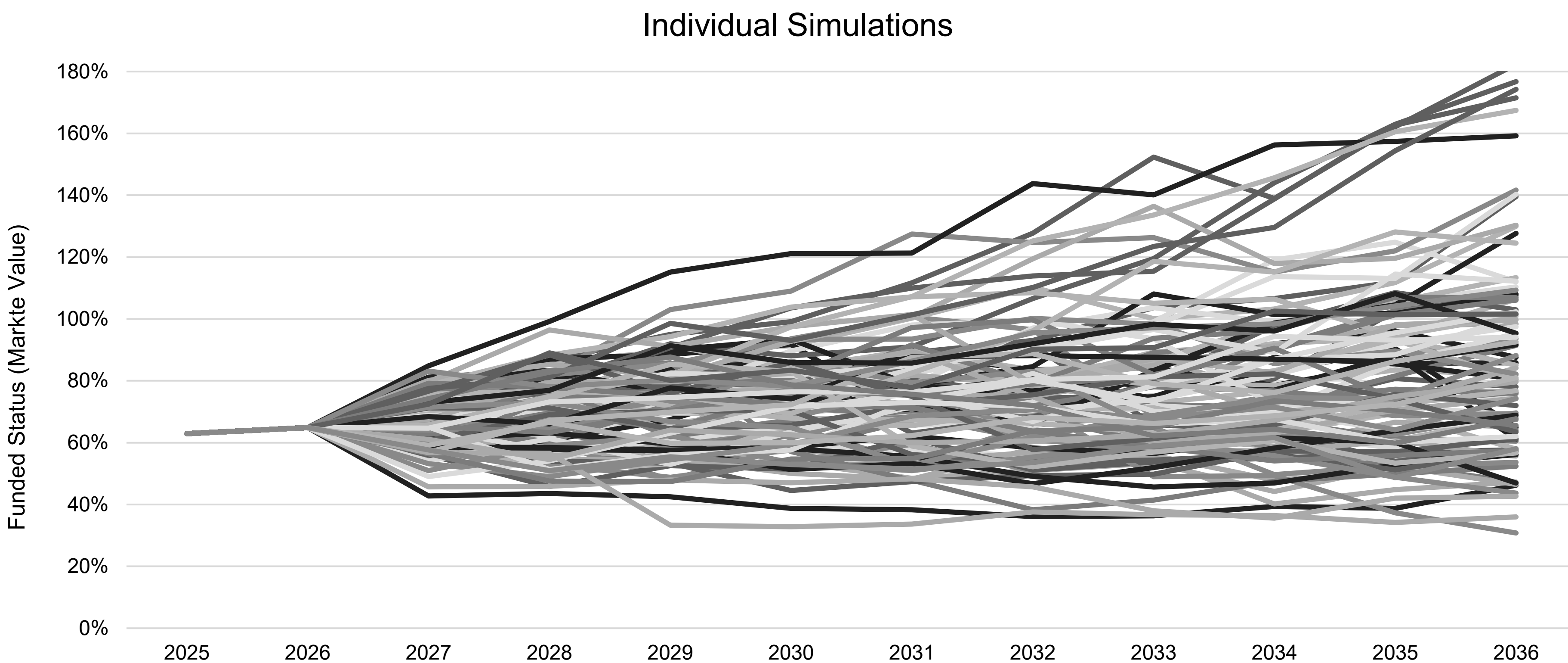
As presented in May

HIERS Classes and Respective Volatilities

		2025 Volatility (%)	2026 Volatility (%)
Global Equity	Public Equity	17.0	17.0
	Private Equity	25.0	26.0 ⬆
Global Credit	Liquid Credit	10.0	10.0
	Private Credit	15.0	15.0
Real Assets	Real Estate	16.2	16.2
	Infrastructure	17.8	19.3 ⬆
	Timberland and Agriculture	11.4	11.4
Liquid Defensive	Systematic Trend Following	15.0	15.0
	Long US Treasuries	12.0	12.0
	Intermediate Duration Govt Bonds	3.0	3.0
Illiquid Diversifying	Reinsurance	7.0	7.0

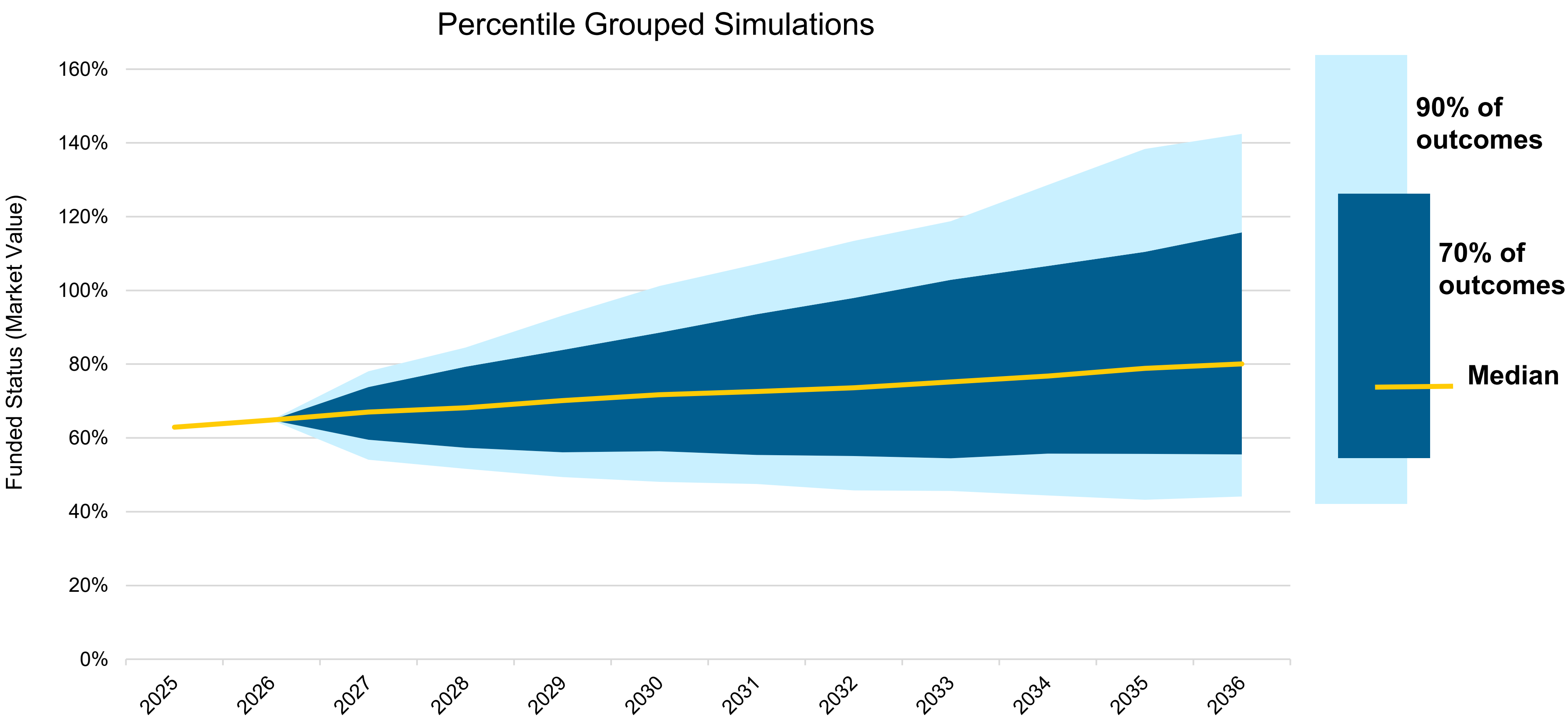
Baseline Asset-Liability Output

Stochastic Forecast of the Current Policy Allocation



- → Funded status (assets divided by liabilities) is simulated in a variety of market environments.
- → Analysis reflects the current:
  - Asset allocation
  - Projected benefit payments
  - Funding policy (statutory)
  - Plan provisions
  - Actuarial assumptions
  - Meketa 2026 Capital Market Assumptions

Stochastic Forecast of the Current Policy Allocation (continued)

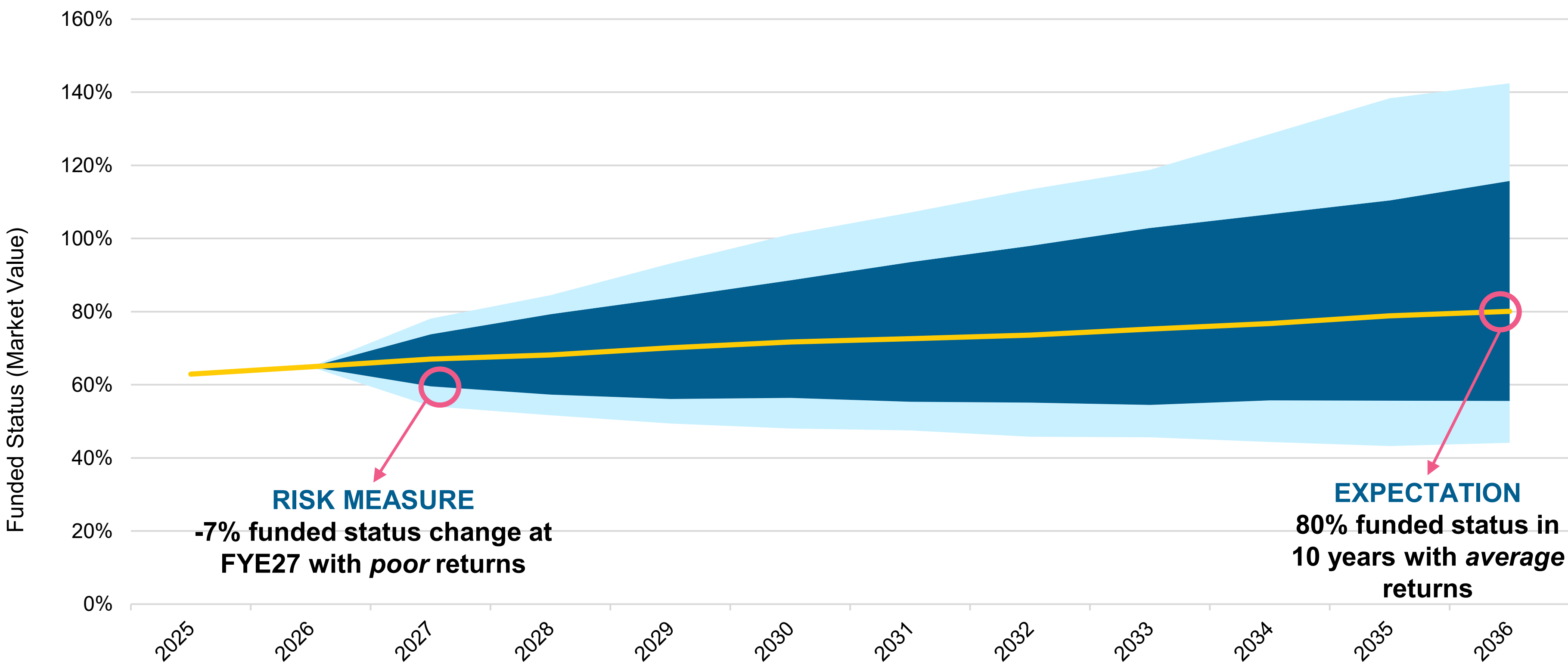


- Simulations are summarized into percentiles, providing a quantitative analysis of the funded status, given the current asset allocation.
- As an example, the median (50th Percentile) funded status at FYE 2036 is 80% → there is a 50% probability the funded status will be greater than 80% and 50% probability it will be less than 80%.

Record Key Observations

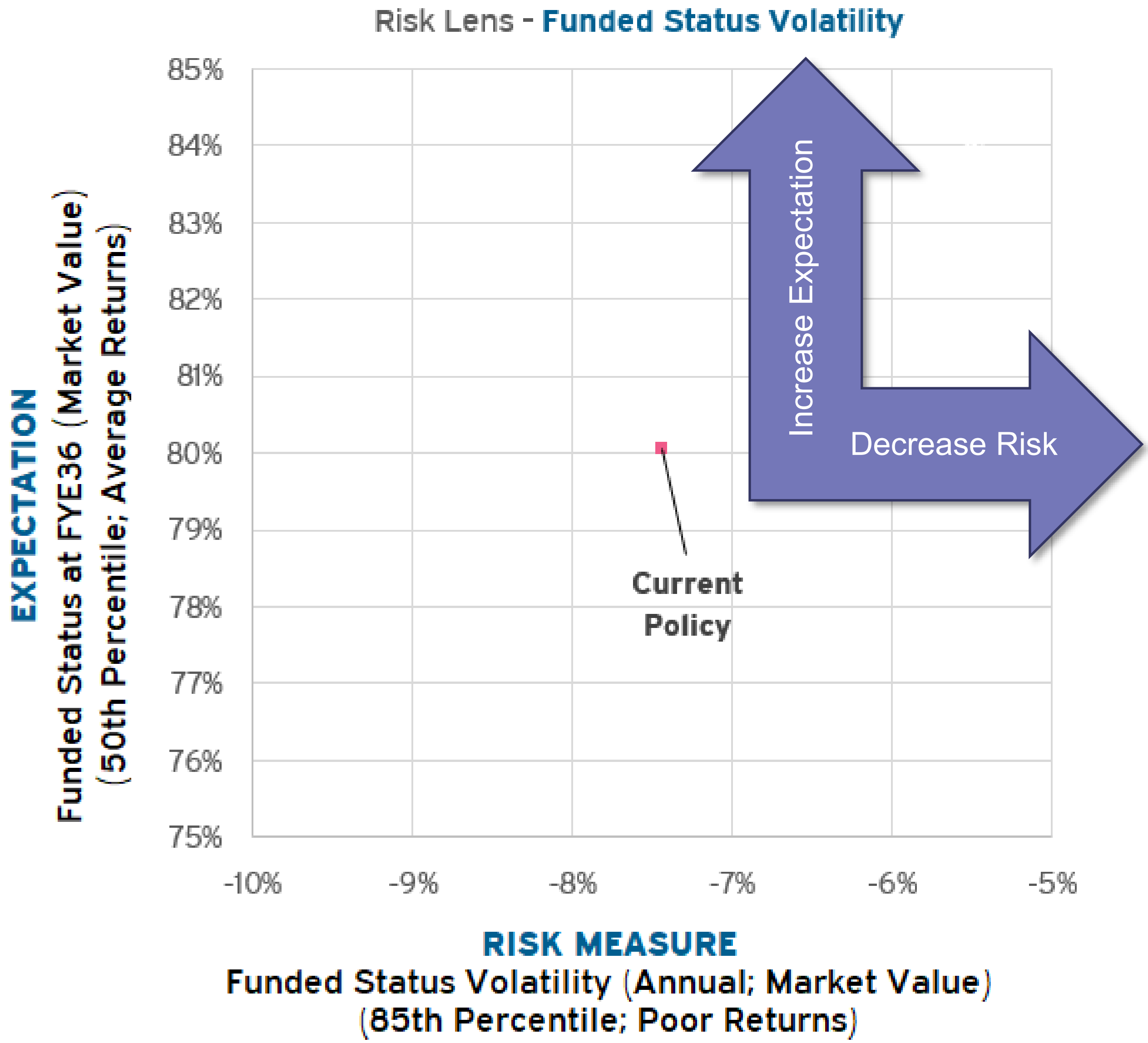
→ Key observations are determined during objective setting discussion and analyzed in a "Expectation/Risk Measure" framework.

- **Expectation** – Outcome where all the underlying assumptions prove to be accurate over the long-term (Example: 50th percentile over a 10-year time horizon).
- **Risk Measure –** Outcome with a lower probability (Ex: 85th percentile) and detrimental impact, especially when that outcome occurs in the short-term (Ex: 1-year time horizon).



Plot the Baseline (i.e., Current Policy)

Notes
- → The goal of optimization is to align the projected health of the system to match the objectives and risk tolerance of the Board.
- → Est. market value funded status as of 6/30/2026 = 65%



Preliminary Asset-Only Optimization Output

Asset-Only Optimizations

→ HIERS exhibits several characteristics that are common among mature public pension systems:

- Moderate funded status (~65%)
- Modest negative net cash flow (-1.0% to -2.0%)

→ With the above parameters, a portfolio that optimizes the tradeoff between expected return and risk (e.g., volatility, expected max drawdown, etc.) will likely result in the best integrated asset-liability metrics.

→ Asset-only optimizations are a quicker, exploratory exercise to preview where optimal portfolios may end up.

→ Meketa's simulation model utilizes non-normal distributions for asset classes:

- Skewness and kurtosis for asset classes are based on history.
  - Equity, credit, and private markets asset classes have negative skew and positive kurtosis (i.e., fat tails).
  - Historical positive skew for fixed income assets (due to 40-year period of declining interest rates) is neutralized.

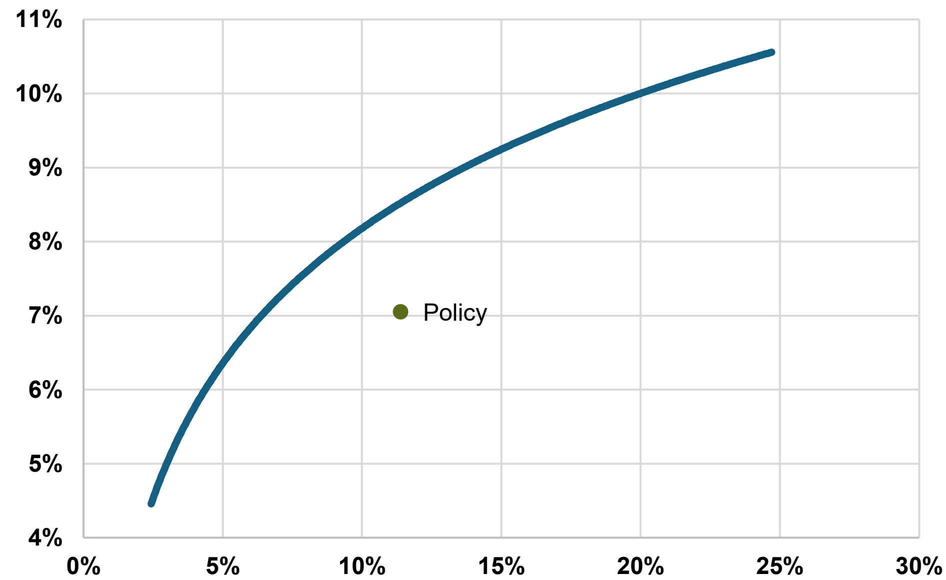
Optimization Steps

1. **Unconstrained optimization depicts where the model gravitates towards without limitation.**
2. **Incorporation of modest constraints to improve implementation feasibility.**
3. **Develop example portfolio options that indicate potential directionality of allocation changes.**

Unconstrained Optimization

	Policy (%)	Min (%)	Max (%)
Public Equity	20	---	100
Private Equity	19	---	100
Liquid Credit	4	---	100
Private Credit	8	---	100
Real Estate	9	---	100
Infrastructure	7	---	100
Timberland and Agriculture	3	---	100
Systematic Trend Following	8	---	100
Long US Treasuries	4	---	100
Intermediate Treasuries	14	---	100
ILS/Reinsurance	4	---	100

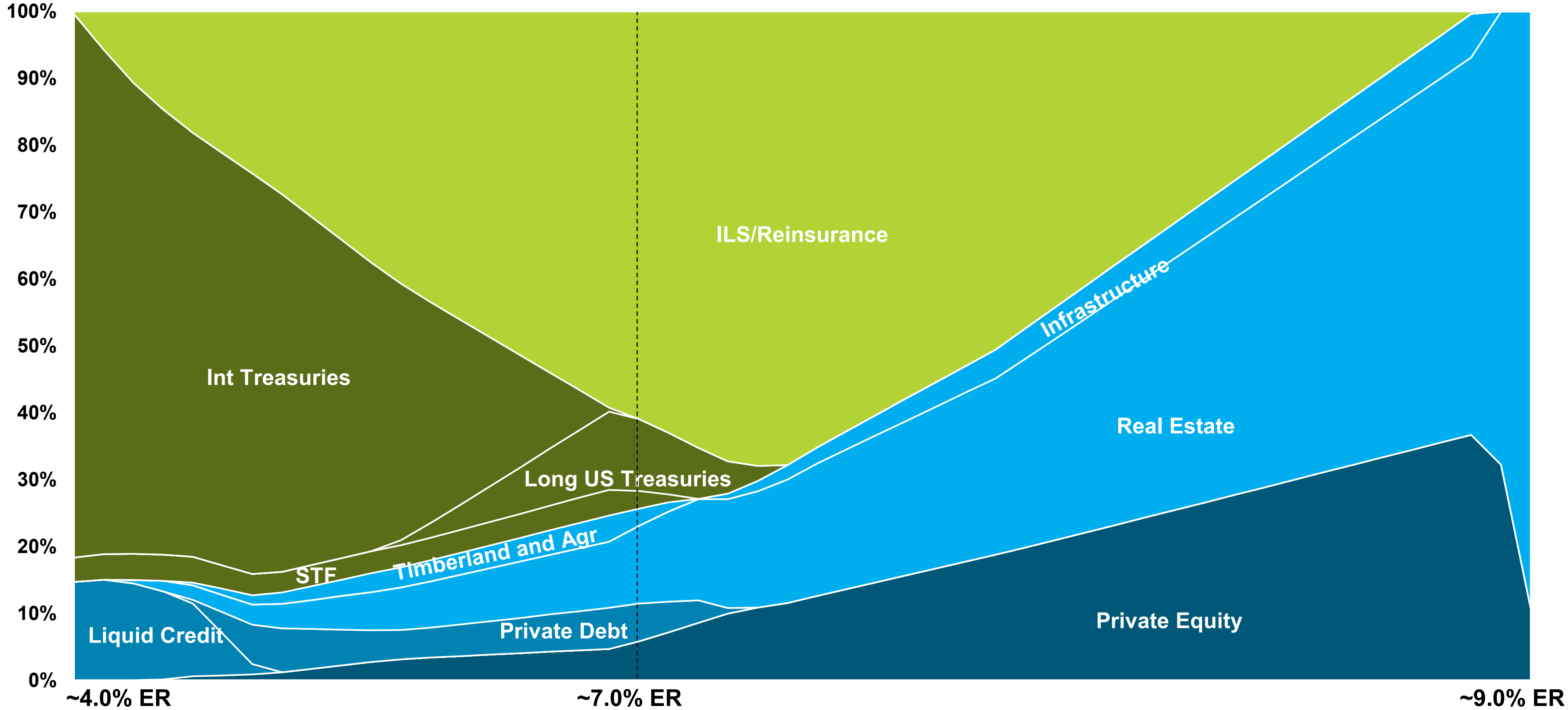
Efficient Frontier | MVO Return & Volatility



- Unconstrained optimization generates an efficient frontier that is above/left relative to the *Policy* portfolio.
- As detailed on the next page, the efficient frontier portfolios exhibit asset class concentrations and unrealistic allocations.

Unconstrained Optimization

Efficient Frontier - Allocations



- At lower risk/return, model favors Intermediate Treasuries, STF, ILS, and Liquid Credit.
- At higher risk/return, model becomes concentrated in Private Equity and Real Assets.
- Public Equity does not receive allocations in any “optimal” portfolios. ILS/Reinsurance is present in nearly all.

Constraints

→ Unconstrained optimizations result in unrealistic (i.e., unimplementable) portfolios.

→ The primary challenge relates to Illiquid classes and the ability to increase/decrease these allocations in a ~3-year time frame.

→ The ERS's current targets to Illiquid classes represent the largest driver of peer relative return differences.

- The ERS has taken a more diversified exposure to "Growth" risk, which has resulted in a Public Equity allocation that is roughly half of other large-scale peer systems.

→ Meketa and ERS Staff developed constraints for Illiquid classes that would allow for implementable targets.

- Actual allocations to Illiquid classes matter more than policy targets for modeling constraints.

Illiquid Classes	Policy (%)	6/30 Actual (%)*
Private Equity	19	19.6
Private Credit	8	6.3
Real Estate	9	8.6
Infrastructure	7	4.1
Timberland and Agriculture	3	2.4

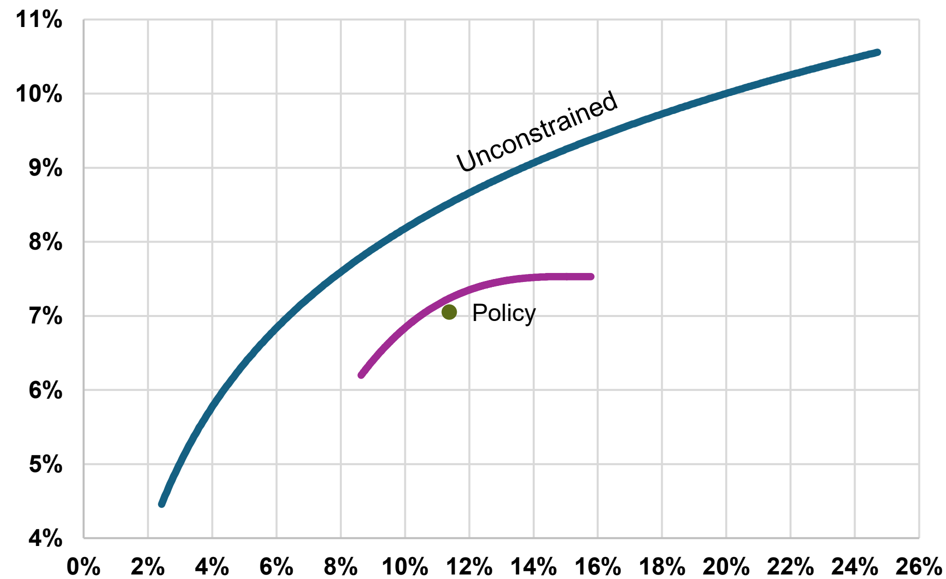
*Actual allocations exclude liquid market proxies utilized within the illiquid classes.

→ Additional constraints for Liquid classes were developed to ensure appropriate liquidity, diversification, and to reflect the risk tolerance of the Board.

Constrained Optimization

	Policy (%)	Min (%)	Max (%)
Public Equity	20	20	50
Private Equity	19	15	19
Liquid Credit	4	---	10
Private Credit	8	4	10
Real Estate	9	5	10
Infrastructure	7	4	8
Timberland and Agriculture	3	---	3
Systematic Trend Following	8	---	12
Long US Treasuries	4	---	7
Intermediate Treasuries	14	5	50
ILS/Reinsurance	4	---	5

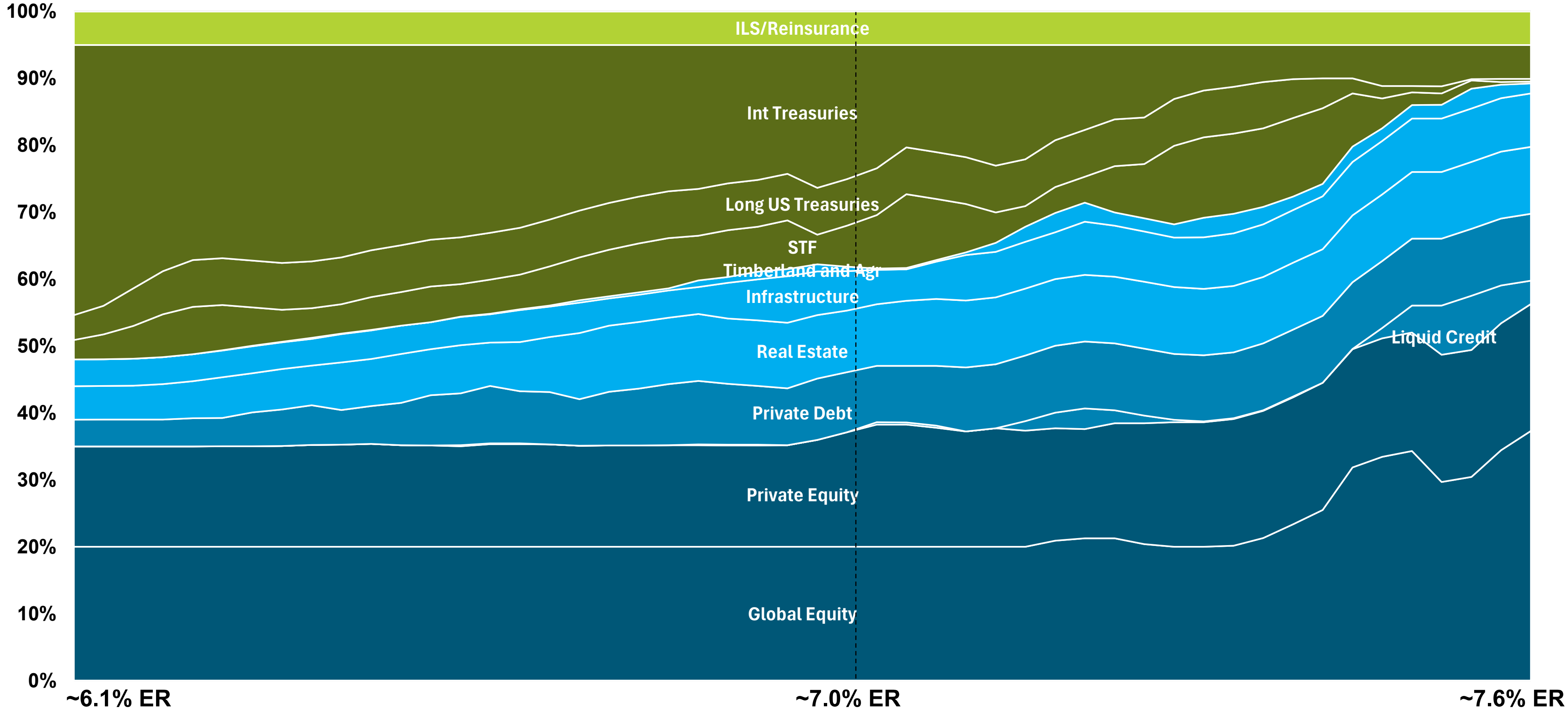
Efficient Frontier | MVO Return & Volatility



- Constraints shift the efficient frontier down and to the right. *Policy* portfolio is very close to the efficient frontier (i.e., near optimal).
- Restrictions (i.e., maximums) on Illiquid classes and ILS are the primary drivers of the change.

Constrained Optimization

Efficient Frontier - Allocations



- There is a natural tradeoff from Diversifying Strategies (green) to return-oriented strategies (blue) as the return/risk increases.
- At a ~7.0% expected return, the optimal allocation looks similar to the ERS's existing policy allocation.

Preliminary Allocation Options

→ The table below highlights three potential portfolios for initial consideration:

Class	Policy (%)	A (%)	B (%)	C (%)
Public Equity	20	25	28	32
Private Equity	19	17	16	17
Liquid Credit	4	4	4	3
Private Credit	8	8	8	7
Real Estate	9	8	8	8
Infrastructure	7	7	8	7
Timberland and Agriculture	3	2	3	2
Systematic Trend Following	8	7	7	7
Long US Treasuries	4	4	4	4
Intermediate Treasuries	14	14	10	9
ILS/Reinsurance	4	4	4	4
Expected Return (10yr)	7.1	7.0	7.1	7.1
Annual Volatility	11.4	11.5	12.0	12.5
Expected Max Drawdown	38.6	39.4	41.3	43.6
Illiquid Classes*	46.0	42.0	43.0	41.0

Red = lower than policy
Green = higher than policy
Black = same as policy

Portfolio Option	Notes (vs. *Policy*)
A	5% increase to Public Equity, largely sourced from Illiquid classes. Expected Return and Risk are in-line with current policy.
B	8% increase to Public Equity, sourced from Illiquid classes and Int. Treasuries. Slight increase in expected risk projections.
C	12% increase to Public Equity, sourced from Illiquid classes, Liquid Credit, and Int. Treasuries. Moderate increase in expected risk projections.

Next Steps

Conclusion

- → On a forward-looking basis, the ERS's policy asset allocation remains highly attractive.
- → Recent "challenges" for the ERS relate to public vs. private asset class performance.
  - The preliminary options seek to better insulate the ERS from similar challenges in the future while remaining true to the historical preference of the ERS Board (i.e., risk-focused portfolio seeking to steadily compound).

- → Baseline asset-liability modeling results form the starting point for making asset allocation decisions.
- → A multitude of lenses/metrics have been provided, which are expected to inform the decision-making process as the asset-liability study progresses.
- → Preliminary, directional changes from the asset-only optimizations provide indication of asset allocation changes that may better align with the Board's/IC's preferences.

Next Steps

- → Based on direction/guidance from the Board/IC, Meketa and ERS Staff will return in October with refined portfolio allocation options and further asset-liability metrics for discussion and final adoption.

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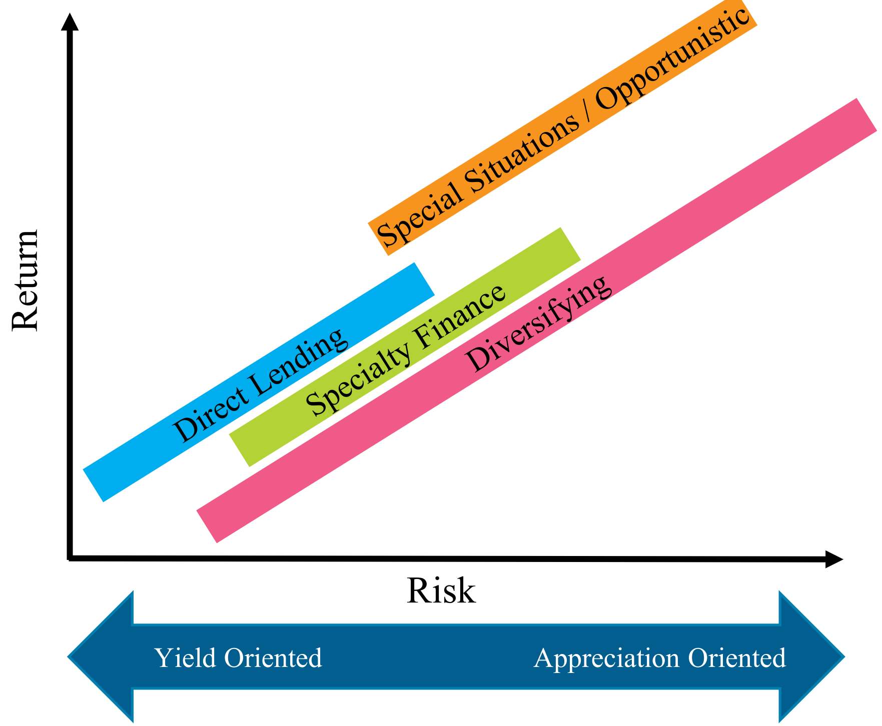
ERS Global Credit Overview

The ERS Global Credit Portfolio is categorized into two strategies: 1. Liquid Credit, and 2. Private Credit. The portfolio is structured to provide a hybrid exposure, balancing capital appreciation and income generation.

Liquid Credit Objectives:
1. Liquidity
2. Income Generation
3. Capital Appreciation

Private Credit Objectives:
1. Diversification
2. Illiquidity Premium
3. Complexity Premium



ERS Global Credit Allocation Targets

	% of Total Fund Market Value	Long-Term Policy Target
Liquid Credit	4.6%	4%
Private Credit	6.3%	8%

Private Credit Strategies	% of Private Credit Market Value	% of Private Credit Commitments
Direct Lending	11%	15%
Specialty Finance	24%	27%
Special Situations / Opportunistic	54%	47%
Diversifying	11%	11%

Source: BNY Mellon (as of June 30, 2026).

Employees' Retirement System of the State of Hawaii

Why Private Credit?

	Public credit	Private credit
Terms	Accept it as issued or do not participate.	Covenants, collateral and information rights negotiated directly with the borrower.
Seniority	Often unsecured, with position varying issue by issue.	Predominantly first lien senior secured, at the top of the capital structure.
Rate exposure	Mostly fixed rate, so the portfolio carries higher duration risk.	Floating rate. The coupon resets with base rates, which limits interest rate risk.
If a borrower struggles	Little influence over the outcome.	Bilateral or small club lending allows direct amendment and enforcement.
Borrower universe	Large companies able to access the public bond market.	Middle market companies with fewer financing alternatives.

ERS Private Credit Strategies

Direct Lending

Senior secured floating rate loans to middle market companies. The core of the allocation.

Return: contractual coupon

Specialty Finance

Lending against contractual cash flows and hard assets rather than corporate earnings. Examples: Consumer and equipment loans, royalties, infrastructure.

Return: coupon plus collateral

Special Situations / Opportunistic Credit

Capital solutions, junior capital, secondaries and stressed situations. Paid for complexity and timing rather than for leverage.

Return: coupon plus upside

Global Credit Strategic Summary
March 31, 2026

Market Value

$2.9b
March 31, 2025

$2.9b
March 31, 2026

✓ Stable Market Value with Consistent Income

Private Asset Allocation

By Strategy

Group	Number	Committed ($M)	Contributed ($M)	Unfunded ($M)	Distributed ($M)	Remaining Value ($M)	Exposure ($M)	DPI (X)	TVPI (X)	IRR (%)
Direct Lending	4	450.0	180.3	278.1	34.0	174.8	452.8	0.19	1.16	12.3
Multi-strategy	2	300.0	296.0	64.8	64.5	287.0	351.8	0.22	1.19	7.9
Opportunistic	1	5.3	3.7	1.7	0.1	2.9	4.7	0.03	0.82	-9.6
Real Estate	7	350.0	321.2	41.4	171.8	227.6	269.0	0.53	1.24	5.8
Special Situations	8	1,700.0	1,226.2	530.4	394.3	1,143.1	1,673.5	0.32	1.25	9.6
Total	**22**	**2,805.3**	**2,027.4**	**916.4**	**664.7**	**1,835.4**	**2,751.9**	**0.33**	**1.23**	**8.5**

✓ Diversified Allocations Across Different Strategies

Long-Term Appreciation

6.03%	6.79%	6.11%	9.30%	7.17%
ITD	10-Yrs	5-Yrs	3-Yrs	1-Yr

✓ Consistent Delivery of Long-term Returns

Absolute Returns vs. Policy Benchmark

Public Credit (inception date: 04/01/2015)

	ITD	10-Yrs	5-Yrs	3-Yrs	1-Yr
Public Credit	5.90%	6.61%	5.63%	9.48%	4.50%
Policy Benchmark	5.43%	5.96%	5.34%	9.23%	6.89%

Private Credit (inception date: 11/01/2019)

	ITD	10-Yrs	5-Yrs	3-Yrs	1-Yr
Private Credit	10.44%	n/a	7.07%	9.53%	9.13%
Policy Benchmark	6.88%	n/a	6.47%	10.84%	8.63%

✓ Long-term Returns Exceeding Policy Benchmark

Private Credit Liquidity Management

	2Q 2024	3Q 2024	4Q 2024	1Q 2025	Total
Pd In	(21.33)	(69.17)	(98.97)	(7.66)	(197.13)
Cap. Dist	112.31	128.57	148.86	50.77	440.51
Net	90.98	59.40	49.89	43.11	243.38

✓ Ample Liquidity for Capital Commitments

Near-term Opportunities

Specialty Finance

- Banks continue to retrench under capital pressure, leaving contractual, collateral-backed cash flows to be financed at attractive spreads.
- Repayment depends on the assets rather than corporate earnings, which diversifies the portfolio risk that dominates the rest of private credit.

Capital Solutions and Opportunistic Credit

- Contractual coupon plus warrant or preferred upside, funding sponsor liquidity needs created by the private equity exit backlog.
- Dispersion is widening while defaults stay low, creating idiosyncratic dislocations to underwrite without needing a broad credit cycle.

Europe Direct Lending and Asia Credit

- Bank retrenchment in Europe is genuine, and despite record fundraising the market remains less crowded than the US relative to its addressable borrower base.
- Asia is projected to account for roughly 50% of global GDP in 2026 (source: International Monetary Fund)

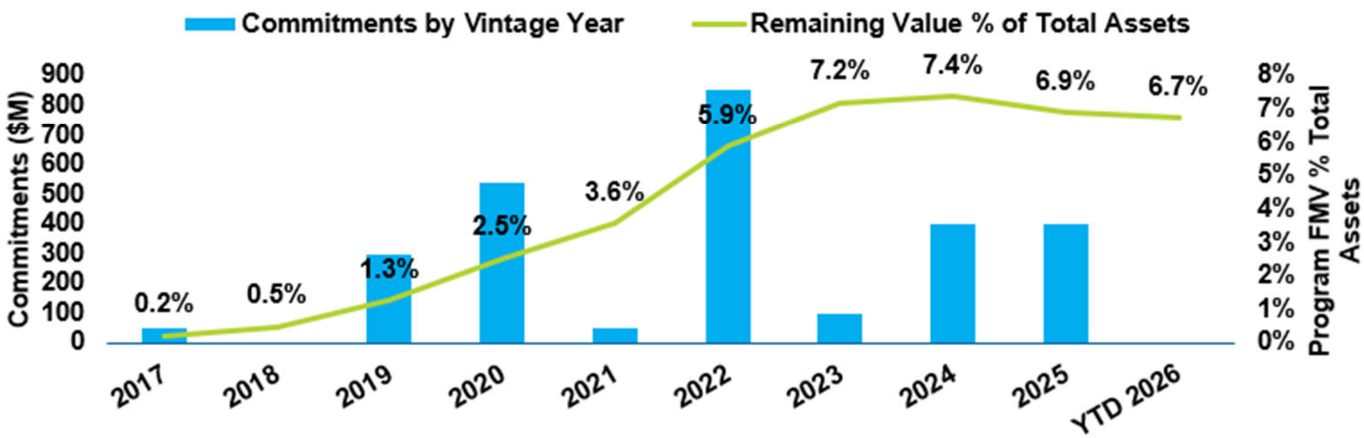
Employees' Retirement System of the State of Hawaii

August 24, 2026

2026 Private Credit Review

Private Credit Program Overview

Employees' Retirement System of the State of Hawaii has an 8% target for the Private Credit Program, increasing from 5.2% in 2023. As of March 31, 2026, the Private Credit Program represented 6.7% of total assets, which includes funds transferred in July 2023. The Program targets a 9-11% net IRR while emphasizing yield-oriented opportunities that distribute income. The Program is currently targeting approximately $600 million of private credit commitments per year.



Program Status

No. of Investments	23
Committed ($M)	3,005.3
Contributed ($M)	2,234.5
Distributed ($M)	1,105.2
Remaining Value ($M)	1,726.5

Performance Since Inception

	Program
DPI	0.49x
TVPI	1.27x
IRR	8.2%

Private Credit Portfolio Overview

HIERS has a 12% target allocation to Global Credit including 8% to Private Credit.

→ Complements Broad Growth components with potential growth and lower volatility.

→ Targets a 9-11% Net IRR .

→ Yield focused with flexibility for exposure to opportunities with additional upside.

Program Highlights:

→ Program has over $3.0 billion committed across Private Credit strategies.

→ Net Asset Value (“NAV”) totals $1.7 billion, approximately 6.7% of total plan assets.

→ Total exposure declined modestly from last year (6.9% to 6.7%).

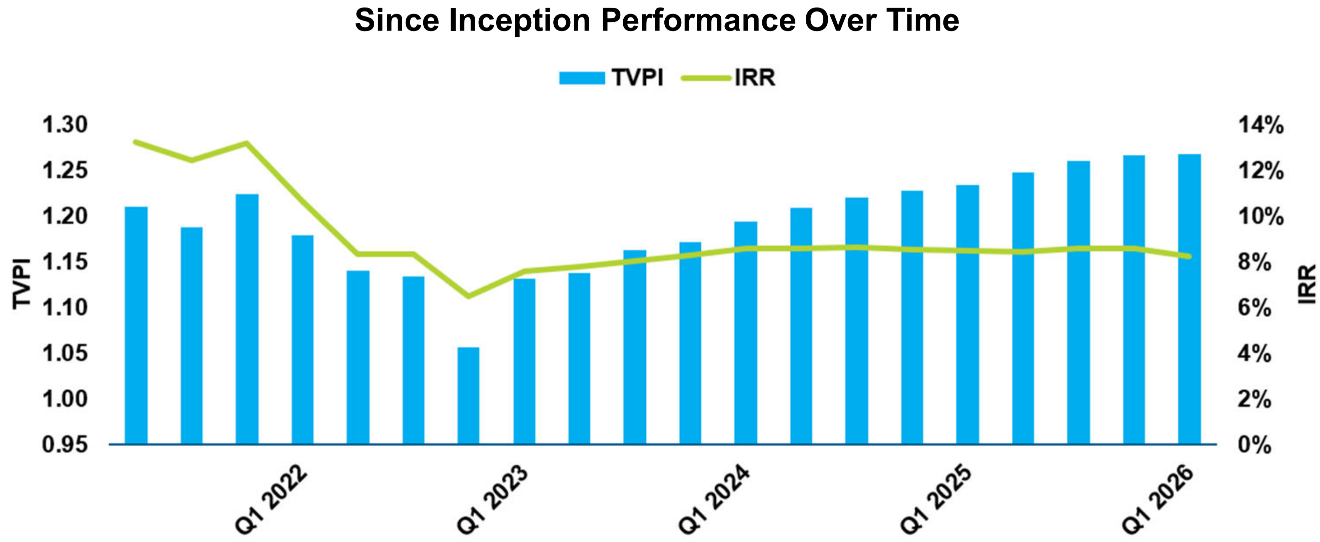
→ Current portfolio is diversified across:

- 23 different fund managers
- 16 distinct funds

Activity Update:

- **Commitments (2025)**: $200m (Asset Based Lending), $350m/$50m (re-up Special Situations).
- **Commitments (2026):** Active commitment deployment anticipated for Q3-2026 through Q1-2027 across Asset Based Lending ($300m), Opportunistic ($75m), and other lending-based strategies (~$200-$400m).

*All data as of March 31, 2026 unless otherwise noted.

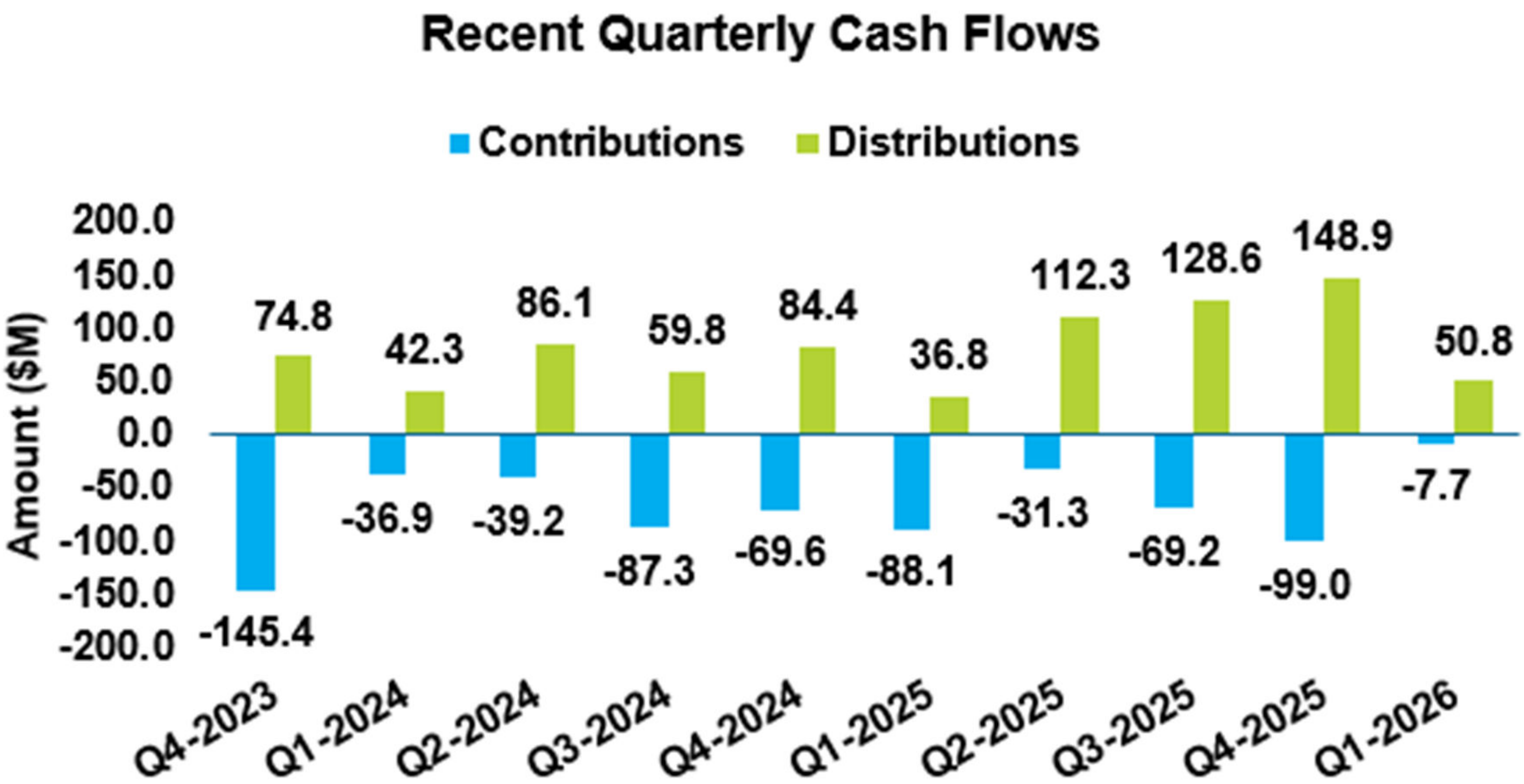


	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)
Aggregate Portfolio	7.3	8.7	7.2	8.2	8.2
PME	7.6	10.3	7.3	7.6	7.6

- → Horizon IRRs over 1- to 5-year driven by i) reallocation of Real Estate Debt to Private Credit, ii) sharp rebound in Global High Yield after Federal Reserve interest rate tightening.
- → Since Inception IRR is strong in view of income focused investment objective.

PME: Public Market Equivalent. The PME utilizes the same Private Credit Policy Benchmark presented in General Consulting Performance Reports, which currently consists of: 50% Bloomberg Global High Yield (Hedged) (Quarter Lagged), 50% Morningstar LSTA US Leveraged Loan 100 Index (Quarter Lagged.).

Cash Flows

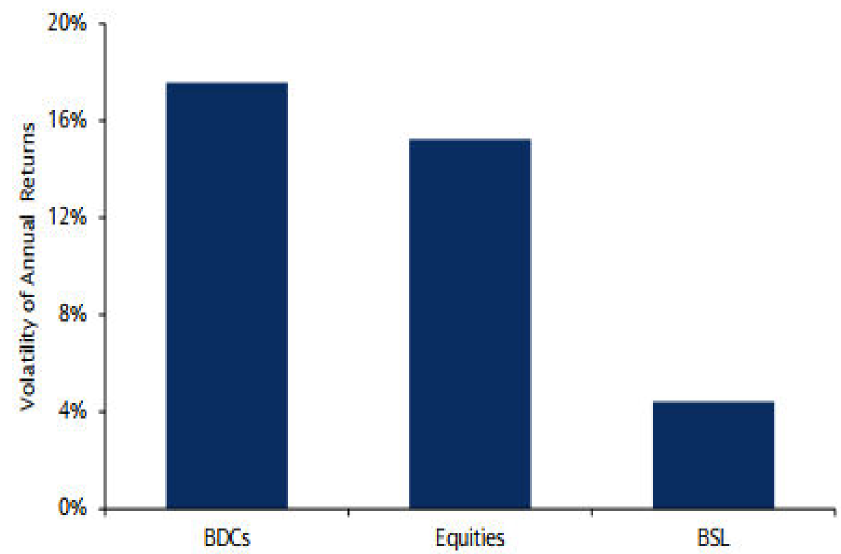

Recent Quarterly Cash Flows
Contributions
Distributions
Amount ($M)
200.0
150.0
100.0
50.0
0.0
-50.0
-100.0
-150.0
-200.0
74.8
42.3
86.1
59.8
84.4
36.8
112.3
128.6
148.9
50.8
-145.4
-36.9
-39.2
-87.3
-69.6
-88.1
-31.3
-69.2
-99.0
-7.7
Q4-2023
Q1-2024
Q2-2024
Q3-2024
Q4-2024
Q1-2025
Q2-2025
Q3-2025
Q4-2025
Q1-2026

Market Environment

- Early 2026 news headlines warned of liquidity troubles impacting semi-liquid vehicles and Business Development Companies (BDCs).

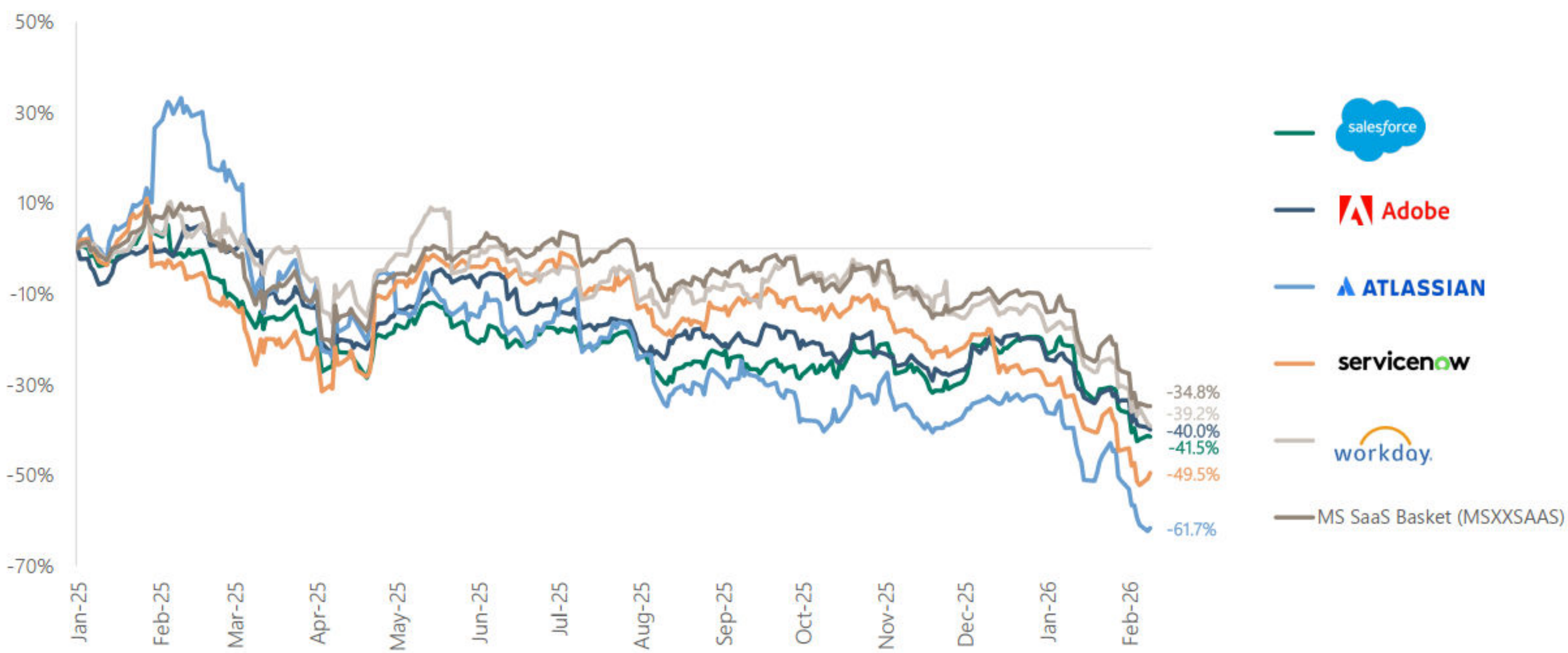
- Public BDCs are NOT institutional funds
  - Retail products that trade daily like a stock
  - Equity-like volatility
  - Distribute 90% of income
  - Different risk profile than institutional Direct Lending funds (e.g., 2X levered, may include CLO equity, or junior debt)

Volatility Comparison – BDCs, Equities, BSL



Source: S&P Global (BDCs), MSCI World (Equities), LSTA (BSL). Volatility of annual returns, 2016-2025.

- Software, notably enterprise software, is a large component of Direct Lending for a reason. Historically, it was marked by:
  - Strong recurring revenue
  - High free cash flow
  - Customer stickiness



Source: Apollo

Private Credit: Market Environment Headlines

- Negative private credit headlines during the first quarter garnered significant attention, mostly relating to retail flows in vehicles focused on the mass affluent and/or software.
- Vintage year differences are pronounced with deals in 2021 and early 2022 experiencing more stress compared to other recent vintages. Businesses in these cohorts have been the most impacted by the change in interest rates with limited time for EBITDA growth (Chart 1)[1]. Across vintages, drivers of selective defaults include conversion from cash to PIK interest, debt maturity extensions, and deferrals of principal or interest obligations.
- The weighted average bid of US leveraged loans continued to fall through March before rebounding modestly. Chart 2 below details how software, which makes up 13% of the index, was the main driver of the decline through Q1 2026 (Chart 2)[2].
- Publicly traded BDCs have experienced significant recent volatility, with most trading below book value. Long-term public BDC have a higher volatility than equities and the BSL market (Chart 3) and generally are a better proxy for financial stocks than direct lending[3].

Chart 1: % of Historical Defaults by Vintage

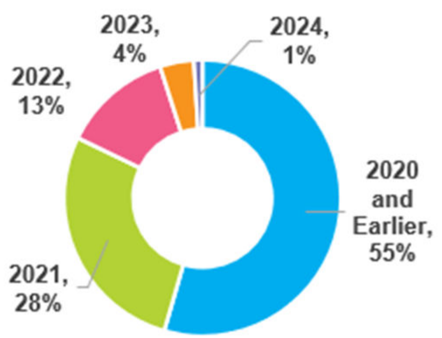


Chart 2: Weighted Average Bid Price of Performing Loans

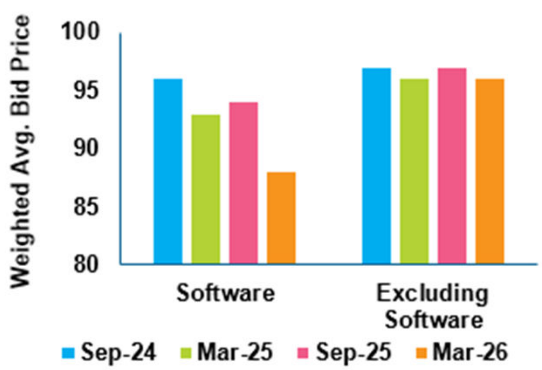
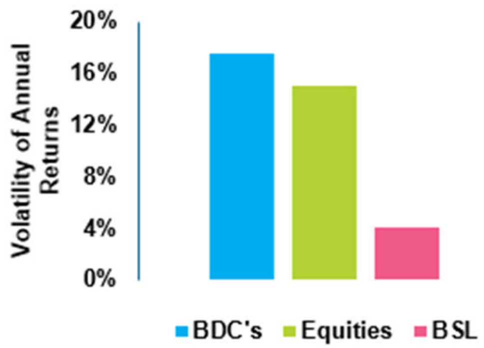


Chart 3: Volatility Comparison of BDCs, Equities, and BSL



[1] Source: S&P Global.
[2] Source: Pitchbook | LCD; Morningstar LSTA US Leveraged Loan Index.
[3] S&P Global (BDCs), MSCI World (Equities), LSTA (BSL). Volatility of annual returns 2016-2025

Special Situations

- According to the Senior Loan Officers Survey, banks remained cautious in business lending during the first quarter of 2026. Demand for commercial and industrial loans (C&I) was largely unchanged although larger banks noted weaker demand from small business. Reasons for the cautionary stance included economic uncertainty, low risk tolerance and industry specific risks. In real estate lending demand across office, retail, industrial and multi-family was largely unchanged. The moderate easing trend in lending standards for commercial real estate (CRE) continued in the first quarter.[1] (Chart 1)
- The Fitch Private Credit Default Rate (PCDR) hit 6.0% in April and May 2026. Defaults tended to be weighted towards smaller issuers as 55% of unique defaulters had EBITDA of less than $25 million. Industrial and manufacturing sector default rate (10.3%) surpassed the consumer products sector. Interestingly, software was the sector with the lowest PCDR default rate (2.2%).[2,3] (Chart 2)
- Credit spreads for the lowest quality borrowers (CCC and below) widened in Q1 2026 before reversing course to historical medians reflecting the resiliency of credit markets.[4]

Chart 1: Delinquency Rate All Loans; All Commercial Banks

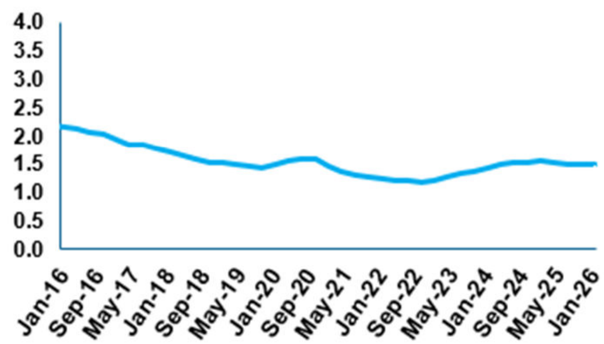


Chart 2: Fitch Private Credit Default Rate (Rolling 12-Month)

Chart 3: ICE BofA (CCC & Lower) Option Adjusted Spread

[1] FRED: Senior Loan Officers Opinion Survey (Apr-2026)
[2] Fitch Ratings, Non-Rating Action Commentary (June 15, 2026).
[3] The PCDR includes distressed exchanges and PIK toggles, this makes it a "harder" measure than many bank published indicators of default rates
[4] Federal Reserve Bank of St. Louis (FRED), ICE BofA CCC & Lower US High Yield Index Option-Adjusted Spread (BAMLH0A3HYC).

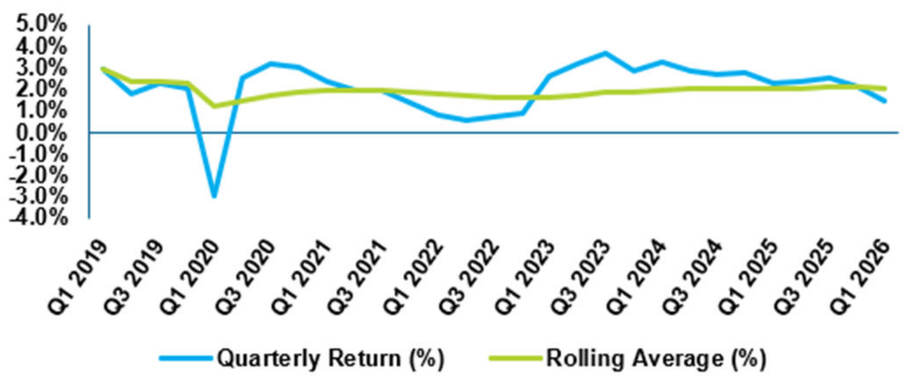
Direct Lending

- As measured by the Lincoln Senior Debt Index, which tracks the fair market value of 1,600+ middle market, direct lending credit investments across the U.S. and Europe, quarterly returns have averaged 2.1% (8.3% annualized) since 2019. In Q1 2026, the LSDI generated a 1.5% quarterly return, its lowest 3-month return since Q4 2022 and an ~80 basis points decline compared to the average quarterly return in 2025.
- Since 2024, leverage multiples and loan-to-value ("LTV") at entry for US buyouts have declined slightly, highlighting increased market conservatism; however, leverage metrics are higher and interest coverage ratios are lower on more dated holdings due to higher interest rate burdens.[1,2]
- Core middle market direct lending spreads in today's market typically range from 500 to 600 basis points over SOFR, a modest widening of 50 to 100 basis points since late 2025. Software deals, amid fears over AI disruption, are pricing wider, but deal flow is muted.

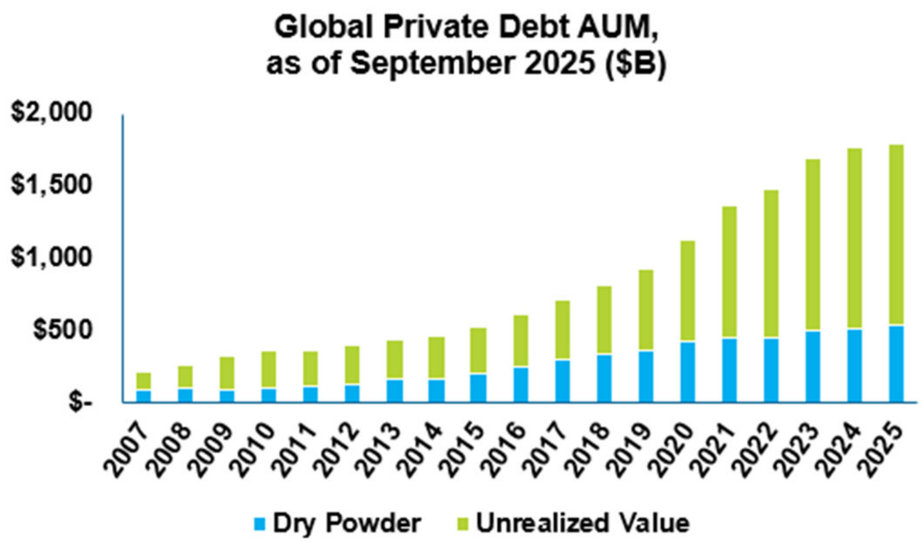
Chart 1: Indicative Financing Terms – US Private Debt Market[3]

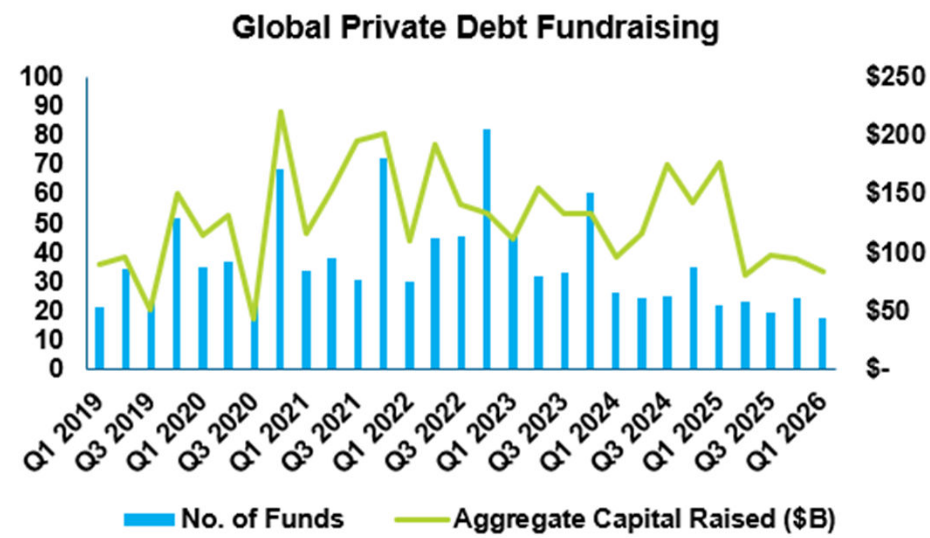
	Q4 2021	Q4 2022	May 2026
Leverage	7.0x to 7.5x	4.75x to 5.75x	5.0x to 6.5x
3M SOFR	0.1%	4.1%	3.7%
Floor	1.0%	1.0%	1.0%
Spread	5.0-5.75%	6.0-7.0%	5.0-6.0%
OID	1-2%	2-3%	1.5-2%
Market Indicative Return	**6.3-7.4%**	**10.8-12.1%**	**9.2-10.4%**

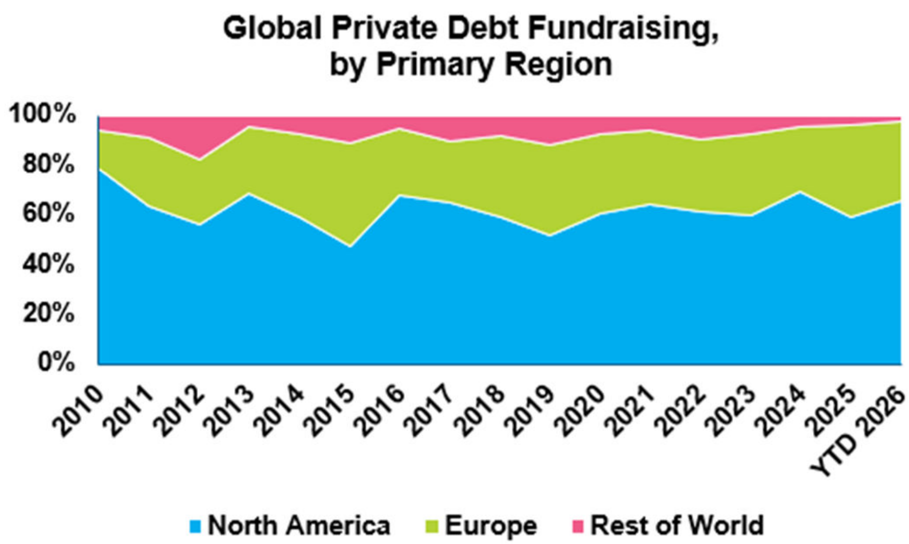
Chart 2: Lincoln Senior Debt Index – Quarterly Returns[4]



[1] Source: Pitchbook.
[2] Source: LSEG Data and Analytics.
[3] Source: Lincoln International.
[4] Lincoln Senior Debt Index, Quarterly Returns through March 31, 2026.


Global Private Debt AUM,
as of September 2025 ($B)
$2,000
$1,500
$1,000
$500
$-
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
Dry Powder
Unrealized Value


Global Private Debt Fundraising
100
90
80
70
60
50
40
30
20
10
0
$250
$200
$150
$100
$50
$-
Q1 2019
Q3 2019
Q1 2020
Q3 2020
Q1 2021
Q3 2021
Q1 2022
Q3 2022
Q1 2023
Q3 2023
Q1 2024
Q3 2024
Q1 2025
Q3 2025
Q1 2026
No. of Funds
Aggregate Capital Raised ($B)


Global Private Debt Fundraising,
by Primary Region
100%
80%
60%
40%
20%
0%
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
YTD 2026
North America
Europe
Rest of World


Global Private Debt Fundraising,
by Fund Strategy
$300
$250
$200
$150
$100
$50
$-
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
YTD 2026
Direct Lending
Mezzanine
Special Situations
Distressed Debt
Fund of Funds
Venture Debt

Program Exposures

Performance Analysis as of March 31, 2026

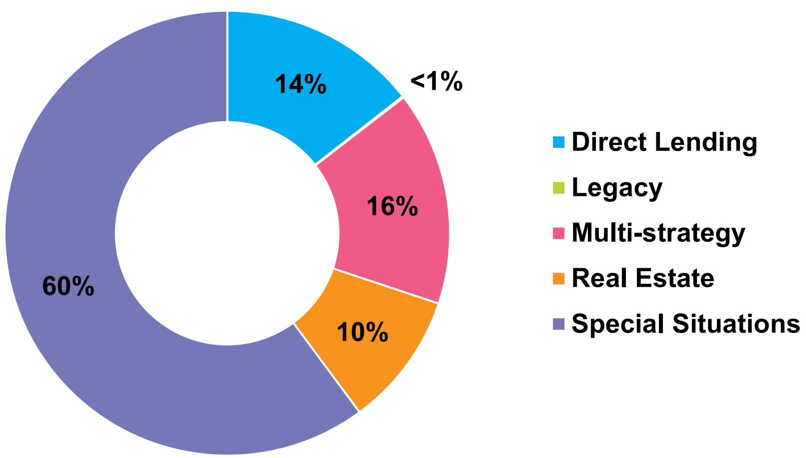
Group	Number	Committed ($M)	Contributed ($M)	Unfunded ($M)	Distributed ($M)	Remaining Value ($M)	Exposure ($M)	DPI (X)	TVPI (X)	IRR (%)
Direct Lending	4	450.0	260.2	200.2	58.9	249.4	449.6	0.23	1.18	11.0
Legacy	1	5.3	3.7	1.8	0.2	2.0	3.8	0.06	0.59	-16.3
Multi-strategy	3	500.0	346.7	219.8	155.2	268.6	488.4	0.45	1.22	8.0
Real Estate	7	350.0	329.4	36.8	235.0	168.9	205.6	0.71	1.23	5.0
Special Situations	8	1,700.0	1,294.4	475.1	655.8	1,037.7	1,512.9	0.51	1.31	9.3
Total	**23**	**3,005.3**	**2,234.5**	**933.8**	**1,105.2**	**1,726.5**	**2,660.3**	**0.49**	**1.27**	**8.2**

Vintage Year

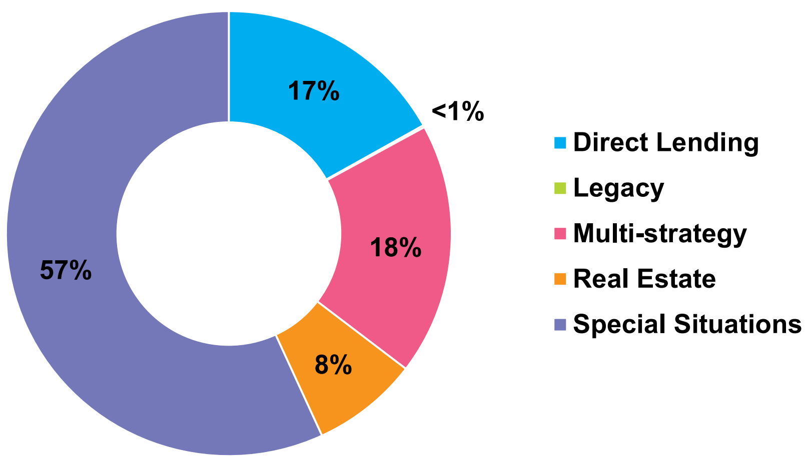
Group	Number	Committed ($M)	Contributed ($M)	Unfunded ($M)	Distributed ($M)	Remaining Value ($M)	Exposure ($M)	DPI (X)	TVPI (X)	IRR (%)
Open-end Fund	3	250.0	256.0	0.0	147.8	166.5	166.5	0.58	1.23	4.4
2015	1	40.0	32.0	8.0	39.8	2.0	10.0	1.24	1.31	9.6
2016	1	20.0	18.7	8.0	9.4	9.4	17.4	0.50	1.01	0.2
2017	1	50.0	45.3	5.0	24.0	41.3	46.3	0.53	1.44	7.5
2019	1	300.0	312.2	16.8	244.9	177.6	194.4	0.78	1.35	8.3
2020	4	540.0	500.2	45.8	276.0	375.8	421.6	0.55	1.30	8.1
2021	1	50.0	56.1	2.0	28.3	43.5	45.5	0.50	1.28	13.8
2022	6	855.3	783.1	174.4	314.8	674.4	848.8	0.40	1.26	11.0
2023	1	100.0	44.1	57.5	3.3	47.4	104.9	0.08	1.15	16.2
2024	2	400.0	124.2	278.9	16.8	123.5	402.5	0.14	1.13	NM
2025	2	400.0	62.7	337.3	0.0	65.1	402.5	0.00	1.04	NM
Total	**23**	**3,005.3**	**2,234.5**	**933.8**	**1,105.2**	**1,726.5**	**2,660.3**	**0.49**	**1.27**	**8.2**

Exposure by Strategy as of March 31, 2026

Percent of FMV

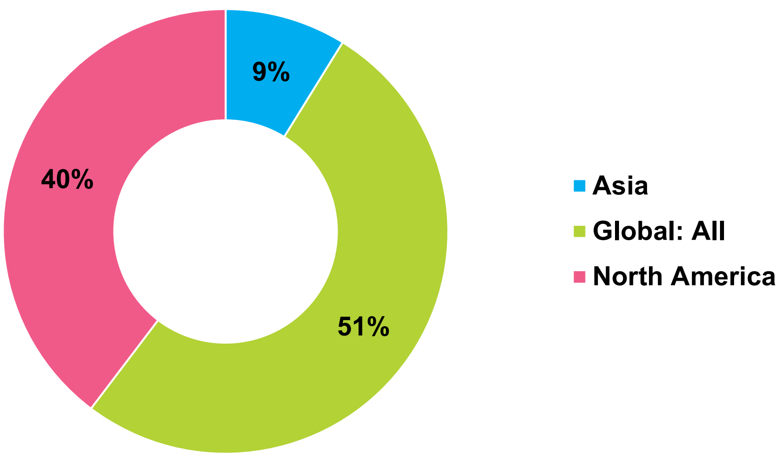


Percent of Exposure

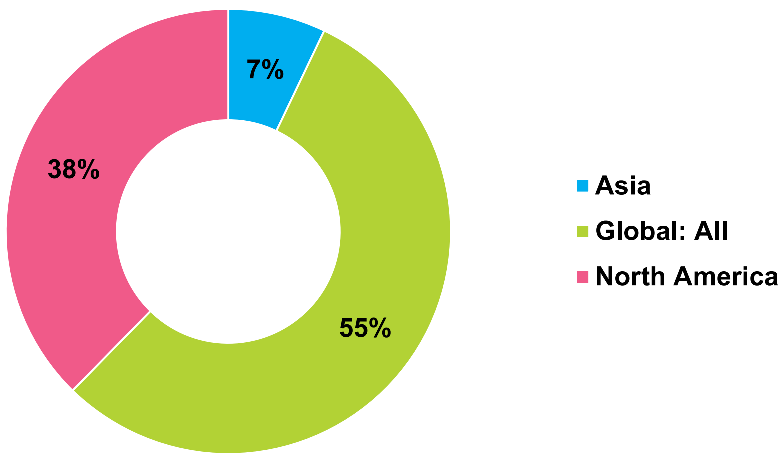


Exposure by Geographic Focus as March 31, 2026

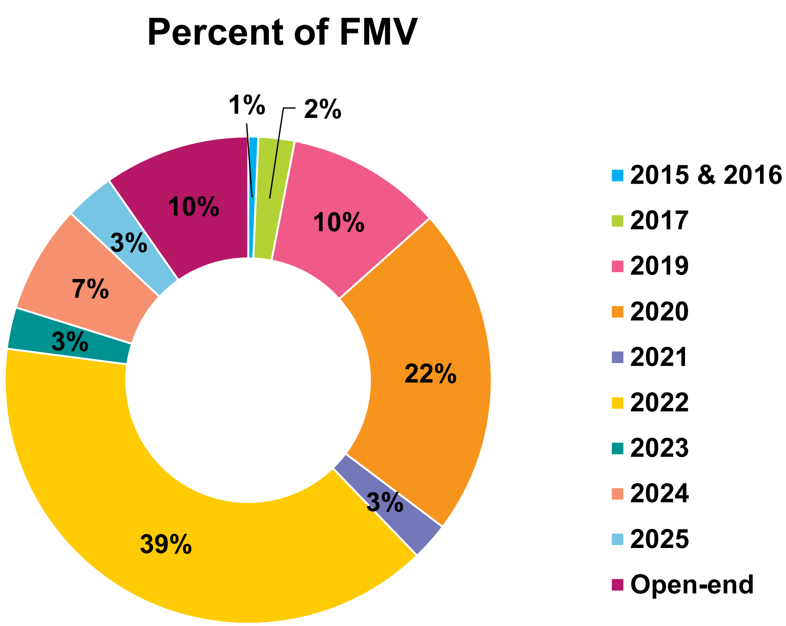
Percent of FMV

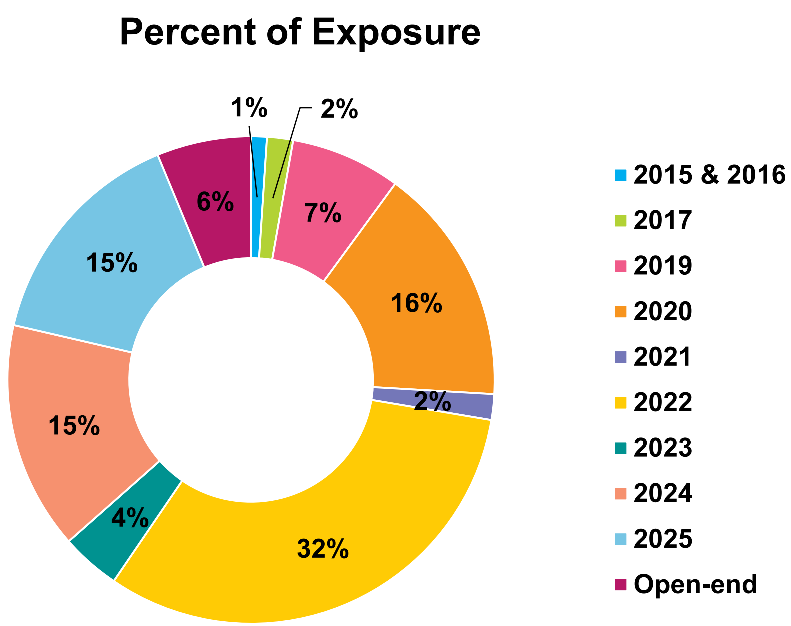


Percent of Exposure



Fund Diversification by Vintage Year





Appendix

Private Credit Policy Benchmark

From	To	Private Credit Benchmark
01/01/2024	Current	50% Bloomberg Global High Yield (Hedged) (Quarter Lagged), 50% Morningstar LSTA US Leveraged Loan 100 Index (Quarter Lagged)
07/01/2021	12/31/2023	25% Bloomberg Global High Yield (Hedged) +1% (Month Lagged), 25% Morningstar LSTA US Leveraged Loan 100 Index +1% (Month Lagged), 25% Bloomberg Global High Yield (Hedged) +1% (Quarter Lagged), 25% Morningstar LSTA US Leveraged Loan 100 Index +1% (Quarter Lagged)
07/01/2020	6/30/2021	50% Bloomberg Global High Yield (Hedged) +1% (Month Lagged), 50% Morningstar LSTA US Leveraged Loan Index +1% (Month Lagged)
11/01/2019	6/30/2020	100% Public Credit Benchmark

Public Credit Policy Benchmark

From	To	Public Credit Benchmark
07/01/2021	Current	50% Bloomberg Global High Yield (Hedged), 50% Morningstar LSTA US Leveraged Loan 100 Index
07/01/2020	6/30/2021	50% Bloomberg Global High Yield (Hedged), 50% Morningstar LSTA US Leveraged Loan Index
10/01/2014	6/30/2020	50% Bloomberg Global Credit (Hedged) 33.3% Bloomberg Global High Yield (Hedged), 16.7% Morningstar LSTA US Leveraged Loan Index

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Employees' Retirement System of the State of Hawaii

Benchmark Update:

Systematic Trend Following

Presenter(s):

Anthony Goo, Interim Chief Investment Officer

August 24, 2026

Agenda

1. History and Background

- Overview
- Purpose of Systematic Trend Following

2. Comparative Analysis

- Trend Benchmark Comparison
- Full Period Correlation and Beta
- Why Now? What’s Different This Time?

3. Recommendation

- Action Requested: Approve Updated Trend Benchmark

Appendix

History & Background

2016 Crisis Risk Offset (effective 4/1/2017):

"Diversifying Strategies" program implemented diversification benefits and defensive characteristics relative to growth-like asset classes such as equities and credit.

Systematic Trend Following Strategies:

Time-series, momentum strategies involve buying recent winners and selling recent losers relative to an asset's own history. Trades equities, interest rates, government bonds, currencies, and commodities, through futures contracts.

Benefits

- **Liquidity** - traded daily through
- **Dynamic** – scalability through futures and options; operates across hundreds of liquid global instruments.
- **Diversification** to other asset classes - no bias to be long or short, and a broad investable universe. Performs well during large directional moves (up or down), including equity crisis periods. Can also perform well low volatility environments.

Challenges:

- Positive equity beta at times
- May struggle during market inflection points and flat, but volatile markets
- Models may be continuously updated and lack transparency with a high degree of complexity
- Could be rules-based and quantitatively automated
- Peer group reflects various strategies and degrees of risk embedded. Trade-off of models that are short-term and nimble vs long term but with lower trading costs.
- Path dependency - different types of drawdowns will be captured differently depending on models and speed of signals

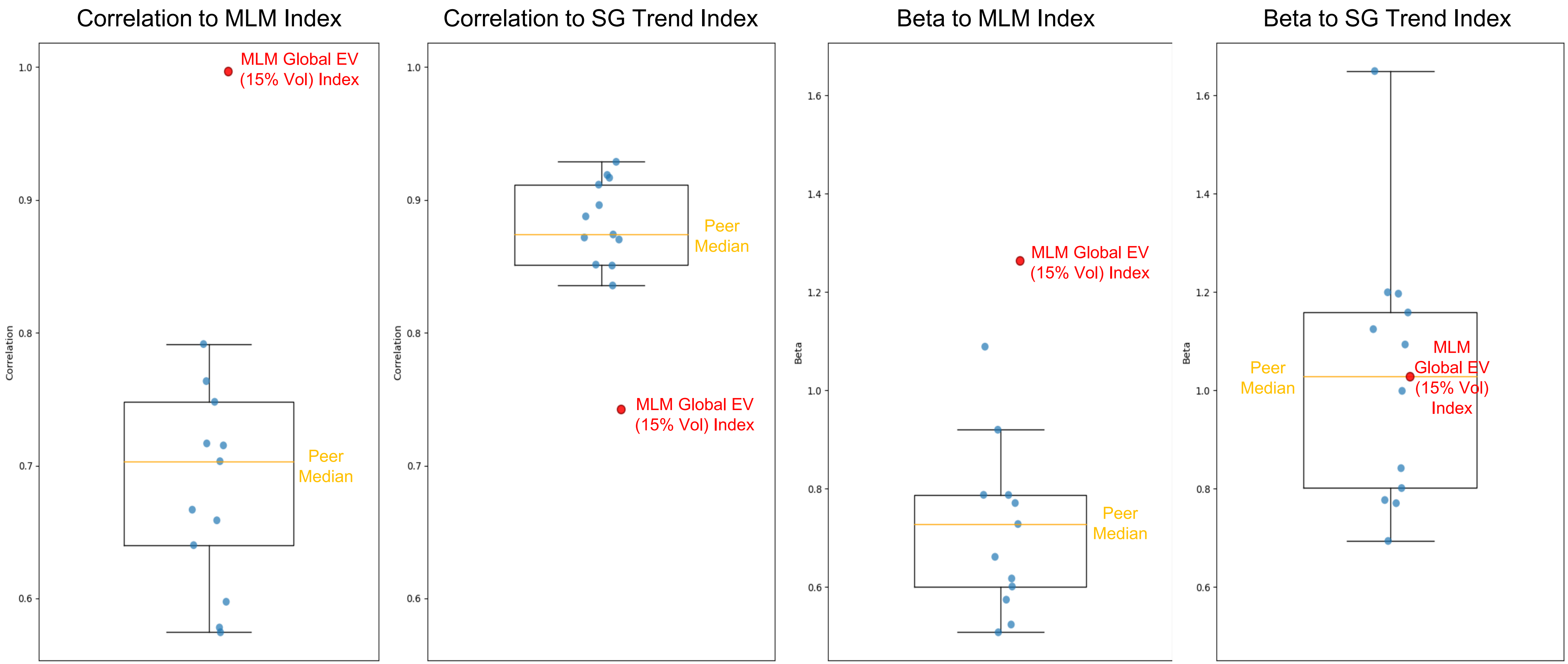
Comparative Analysis

Trend Benchmark Comparison

	MLM Global EV (15% Vol) Index *(current)*	Société Générale (SG) Trend Index *(proposed)*
Construction Methodology	Rules-based. Long if price > moving average, short if price < moving average. Applied to 22 futures contracts.	Equally-weighted average of 10 largest trend-following programs.
# of Funds	1	10
Representative Assets	~$1 billion	~$50 billion
# of Markets Traded	28	~100-200
Rebalancing	Monthly	Annually
Publishing Frequency	Daily	Daily
10-year return (ann.)	0.53%	4.38%
10-year volatility (ann.)	11.32%	11.31%
Criticisms	Simple relative to modern trend-following strategies, narrow universe	Not directly investable, survivorship bias, more difficult to minimize tracking error
Considerations	HiERS comprises a substantial % of firm assets.	Invest through index constituents or regression-based replication. May be more difficult to deliver alpha than MLM IX.

*Data shown as of May 2026. Source: Man Group Database.
The Bailey Criteria: Financial Analysts Journal, CFA Institute, 1992.

Full Period Correlation and Beta



*Data shown for April 2019 to May 2026. Peers are selected as part of Man's External Alpha Trend from peers with data provided.
Source: Man Group Database. Past performance is no indicator of future performance. Returns may increase or decrease as a result of currency fluctuations

What’s Different Now?

- Total Portfolio Approach
- Risk Budget Adoption
- Industry Adoption
- Manager Accountability Focus

Action Requested

Investment Committee Adoption:

- Liquid Defensive Benchmark changed from MLM Global EV Index (15% Vol) to Société Générale (SG) Trend Index, effective January 1, 2027.

F. 3. RETURN OBJECTIVES & RISK PROFILE

1. Class Return Benchmarks

Within the DS strategic class, the standards for component performance reporting may vary. Keeping this in mind, the ERS utilizes the target benchmark below to monitor the performance results of the aggregate DS strategic class:

DIVERSIFYING STRATEGIES BENCHMARK
87% LIQUID DEFENSIVE BENCHMARK
13% ILLIQIID DIVERSIFYING BENCHMARK
LIQUID DEFENSIVE BENCHMARK
31% ~~MLM Global EV Index (15% Vol)~~ Société Générale (SG) Trend Index
15% Bloomberg U.S. Treasury Long Index
54% Bloomberg U.S. Treasury Intermediate Index
ILLIQUID DIVERSIFYING BENCHMARK
100% Swiss Re Global Cat Bonds (hedged)

The DS class portfolio is expected to match or outperform the above benchmark, net of fees, over a full market cycle. An appropriate measure of a market cycle would be rolling 5-year periods. The DS strategic class should outperform its benchmark, net of fees, over the majority of rolling 5-year periods.

2. Class Risk Profile

The aggregate DS strategic class has a total risk (standard deviation) range/budget in order to effectively counterbalance the volatility experienced in the ERS's Public Growth components. There is also a value-at-risk guideline (one day DS net asset value loss at a 5% probability) established by the DS Crisis Risk Committee to ensure that downside DS risk is contained. These guidelines are provided below.

DS Class Absolute Risk Level Maintenance Policy

Measure	Lower Risk Guideline	Upper Risk Guideline
Annualized Volatility	4%	20%
Value at Risk (5%)	n/a	$\leq$ 2.0%

If the behavior of the DS strategic class causes its recent historical volatility to deviate significantly beyond these limits, then a rebalancing process and/or target volatility adjustment should occur among the DS managers based on recent risk profiles of each manager/component as well as on prospective risk views for each manager/sub-component/component.

MAHALO!

Appendices

Benchmark Characteristics

Bailey Criteria[1]:
- Unambiguous – well-defined identities and weights;
- Investable – one can own the benchmark’s constituents;
- Measurable – can calculate performance at reasonable intervals;
- Appropriate – consistent with the investment approach/style;
- Reflective of current investment options – representative of the segment; and
- Specified in advance – constructed before evaluation period.

Other example characteristics
- Accessible - difficult-to-produce benchmarks should be avoided;
- Transparent – understandable constituency of the benchmark;
- Independent – a manager’s performance should not impact the benchmark return; and
- Relevant – correlation between a portfolio and a benchmark influences its relevance but is not sufficient due to potential spurious relationships.

*The Bailey Criteria: Financial Analysts Journal, CFA Institute, 1992..

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MEKETA
INVESTMENT GROUP

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Suite 300A
Portland, OR 97209

503.226.1050
Meketa.com

MEMORANDUM

TO: State of Hawaii Employees' Retirement System ("ERS")
FROM: Meketa Investment Group, Inc. ("Meketa")
DATE: August 24, 2026
RE: Trend Following Benchmark Change Recommendation

Recommendation

Meketa concurs with the ERS Staff recommendation to modify the benchmark utilized for the Systematic Trend Following ("STF") program from the MLM Global EV Index ("MLM Index") to the Societe Generale Trend Index ("SG Trend Index").

Background

Unlike traditional equity and bond markets, there is no market capitalization weighted index for STF portfolios, which is a prerequisite for a "passive" index. When the ERS (and other PCA/Meketa clients) first adopted STF portfolios in ~2017, the primary goal of the adopted benchmark was two-fold:

1) Represent the overall return (or beta) of the STF market segment.
2) Represent an alternative implementation option that could be implemented at a relatively low cost (i.e., passive-like).

At the time, as well as currently in 2026, there were only a few potential options that fulfilled both goals. The ERS elected to utilize the MLM Index largely due to data access/transparency reasons, which were not available for the other potential options. Moreover, the ERS later retained Mount Lucas Management ("MLM") as a manager within the portfolio, further cementing the relationship between the ERS and MLM. While the #2 characteristic was achieved, this came at the expense of the #1 characteristic. The MLM Index is a relatively straight-forward index that trades 28 different markets whereas the broader universe of STF managers has evolved and now trades hundreds of markets with more sophisticated approaches to measuring trends and managing portfolios. This has resulted in material deviations between MLM, the ERS STF portfolio, and the broader STF market segment. These deviations have also made it harder for ERS Staff and Meketa to assess benchmark relative performance, as well as for the ERS's managers to implement active risk management and monitoring decisions.

Meketa, as well as the broader STF universe of managers, tend to view the SG Trend Index as a broad representation of the market segment and behavior of the asset class/strategy type (aligning with characteristic #1 from above). The SG Trend Index is designed to be representative of STF. The index is composed of the 10 largest STF managers that fulfill several criteria:

- Must trade a primarily futures (inc. FX forwards) based strategy (as determined by SG)
- Must be broadly diversified (across asset classes and/or markets) (as determined by SG)
- Must be an industry recognized trend follower (as determined by SG)

- Must exhibit significant correlation to trend following peers and the SG Trend Indicator (as determined by SG)
- Must be open to new investment
- Must report returns on a daily basis (net of fees)

Additional Index Information

- Index is equally weighted
- Index is rebalanced annually on 1st January
- Index is reconstituted annually on 1st January
- Index is net of fees
- Calculated in base currency (i.e. with no currency hedging)
- Index inception date: 1st January 2000

As detailed in the table below, the SG Trend Index not only has generated stronger trailing period returns than the MLM Index, but it also more closely represents how the ERS implements the STF program (as indicated by the ERS's tracking error relative to the MLM and SG Trend indices). Meketa believes that changing the ERS's STF benchmark from the MLM Index to the SG Trend Index will provide for a more efficacious risk budgeting effort while also elevating the hurdle by which the ERS STF portfolio will be measured against.

Trailing and Calendar Year Performance (net)
As of June 30, 2026

	ERS Portfolio	SG Trend Index	MLM Index
Trailing Period Returns (%):			
1 Year	16.1	24.1	9.3
3 Year	-0.5	3.1	1.0
5 Year	5.1	7.3	2.0
Since ERS Inception (4/2017)	4.4	5.8	2.2
Since Inception Tracking Error	---	*7.6*	*9.3*
Calendar Year Returns (%):			
2025	0.3	2.4	-0.6
2024	-4.1	2.6	-2.0
2023	-4.1	-4.1	0.7
2022	38.6	27.4	12.1
2021	4.7	9.2	11.2
2020	11.2	6.3	1.2
2019	7.0	9.2	-5.9
2018	-15.8	-7.0	-6.3

MINUTES OF THE MEETING OF THE
BOARD OF TRUSTEES OF THE EMPLOYEES' RETIREMENT SYSTEM
OF THE STATE OF HAWAII

July 13, 2026

CITY FINANCIAL TOWER
201 MERCHANT STREET, SUITE 1200
HONOLULU, HAWAII 96813

Trustees present: (City Financial Tower by teleconference)	Mr. Vincent Barfield, Chair (in person)* Dr. Genevieve Ley, Vice Chair (in person)* Dr. Catherine Chan* Dr. Seth Colby (in person)* Mr. David Louie (in person)* Dr. Amanda Lowrey (in person)*
Trustee absent:	Ms. Darlene Blakeney Mr. Emmit Kane
Staff present: (City Financial Tower by teleconference)	Mr. Kalbert Young, Executive Director* Mr. Wesley Machida, Interim Deputy Executive Director* Mr. Kona Mann, Chief Compliance Officer* Mr. James Greubel, Program Specialist Ms. Shanna Sakagawa, Program Specialist Ms. Lori Kobayashi, Retirement Benefits Branch Manager* Mr. Anthony Goo, Interim Chief Investment Officer Mr. Aaron Au, Investment Officer – Private Equity Mr. Andrew Chen, Investment Officer – Credit Markets Ms. Lynn Kamimoto, Investment Officer – Risk Ms. Jennifer Kimura, Investment Officer – Liquid Markets Mr. Roman Mahi, Investment Specialist Mr. Ian Wetzel, Investment Officer – Real Assets Ms. Gerri Konishi, Home Loan Assistant Ms. Masayo Zabinski, Accountant Ms. Dale Kehau Kanae, Recording Secretary/Administrative Assistant* Ms. Lori Kim, Administrative Assistant* Ms. Andrea Gaspar, Administrative Assistant* Ms. Diana Gomes, Administrative Assistant
Attorneys present: (City Financial Tower by teleconference)	Ms. Jenny Nakamoto, Deputy Attorney General* Ms. Lori Tanigawa, Deputy Attorney General* Ms. Nietzsche Tolan, Deputy Attorney General* Ms. Diane Wong, Deputy Attorney General*
Guests present: (by teleconference)	Mr. Joe Newton, Gabriel Roeder Smith & Co. Mr. Lewis Ward, Gabriel Roeder Smith & Co. Mr. Tyson Suehiro, KMH LLP* Mr. Collin Bebee, Meketa Investment Group, Inc. Mr. Ty Smith, RSM US LLP*
Public present: (by teleconference)	15169167742 (Unverified) Catherine K Y's Notetaker (Otter ai) (Unverified) Mr. Joe Ebisa – WithIntelligence (Unverified) Ms. Phyllis Ida (Unverified) Mr. Jon Kawamura Ms. Ashlyn Onken Mr. Nate Weinstein – Osmosis (Unverified)

*Attended Executive Session

As a part of this meeting, refreshments of water, coffee, and pastries were provided.

QUORUM/CALL TO ORDER

A quorum being present (Chair Barfield, Vice Chair Ley, Trustees Chan, Louie and Lowrey), Chair Barfield called the meeting of the Board of Trustees (Board) of the Employees' Retirement System of the State of Hawaii (ERS) to order at 9:04 a.m. and identified the Trustees attending in person and requested Trustees attending remotely to identify themselves and confirm that they are the only ones present at their location while attending the meeting. Each of the Trustees attending remotely confirmed same. Trustees attending the meeting in person and remotely are noted on these minutes.

PUBLIC COMMENT

Chair Barfield called for public comment. There were no public present in person but five (5) public attended by teleconference with no comment and there was no written testimony received for this meeting. During the course of the meeting two (2) additional public also attended by teleconference.

Chair Barfield announced and introduced new Trustee Dr. Amanda Lowrey a Food Safety Specialist with the Department of Health, Environmental Health Services Division, Food Safety Branch. Dr. Lowrey is currently on the 2025-2027 HGEA Board of Directors and has previously served as Treasurer with responsibility for budgeting operations and the investment portfolio. Trustee Lowrey also received her doctorate degree from Northwestern University and her Bachelor of Science degree from the University of Miami.

Dr. Lowrey thanked the staff for their assistance with her on boarding, that she will have a lot of questions, and she thanked everyone for what they are doing for ERS.

Chair Barfield also thanked Dr. Lowrey for her upcoming service and that she will be a great contributor to the Board.

EXECUTIVE DIRECTOR'S REPORT ON THE ADMINISTRATION OF THE SYSTEM WITH RESPECT TO SIGNIFICANT DEVELOPMENTS IN INVESTMENTS, POLICY, POTENTIAL LEGISLATION, AND REGULATORY MATTERS

Executive Director (ED) Kalbert Young gave an oral report to the Board on the Administration of the System with Respect to Significant Developments in Investments, Policy, Potential Legislation, and Regulatory Matters as follows:

- The new fiscal year began July 1, 2026.
- Administration anticipates producing more detailed budget information for the Board to convey budget management for this new fiscal year at a future Board meeting.
- The scope and prospects of the operational budget for ERS heading into the new fiscal year, as mentioned in the previous Board meeting:
  - The budget bill for State operations passed by the 2026 Legislature, was approved by Governor Green as Act 175.
  - The operating appropriation of trust funds for FY2027 to the ERS is $29,378,766.00 for 118.00 authorized FTE positions.
  - This represents the available appropriations from which Administration will be managing ERS operations for the fiscal year.
- A couple of notable additions to the ERS:
  - With the retirement of (former) Trustee Bennett Yap in February, a vacancy was created on the Board of Trustees for a general member elected seat. A call for nominations was publicized and closed on June 19th and the only nomination received before the deadline was Dr. Amanda Lowrey by HGEA. As such, Dr. Lowrey was deemed elected on June 23, 2026, and has completed her sworn oath of office.
  - Since the last Board meeting, Deputy Executive Director (DED) Gail Strohl has since resigned from the position and left the ERS on June 15th.
  - In the interest of preserving administrative support of ERS operations, ED Young has asked Wes Machida to serve as the Interim DED on a

EXECUTIVE DIRECTOR'S REPORT ON THE ADMINISTRATION OF THE SYSTEM WITH RESPECT TO SIGNIFICANT DEVELOPMENTS IN INVESTMENTS, POLICY, POTENTIAL LEGISLATION, AND REGULATORY MATTERS (CONT'D)

temporary basis, until we can complete the process to recruit a new DED.
    - Many are familiar with Wes who was a former B&F Director, ERS Trustee, Administrator (now known as Executive Director), and Assistant Administrator (now known as Deputy Executive Director), and a former Employer-Union Health Benefits Trust Fund (EUTF) Trustee who has a lot of background and experience in leading the ERS. ED Young is grateful for DED Machida's willingness to help him and ERS continue our forward movement in delivering our operational mission.
- SB 3097 SD1 HD1 CD1, passed by the Legislature has been approved by the Governor as Act 149. The Act makes three existing ERS positions excluded from civil service and subjects the appointment and compensation to the authority of the Board of Trustees. The positions are the DED (vacant), Chief Compliance Officer (CCO), and the Information Security Officer (not yet established, vacant).
- With the departure of former Chief Investment Officer (CIO) Kristin Varela of May 31st, Deputy CIO Anthony Goo has begun his service as the Interim CIO.
    - The solicitation to procure an executive search firm to assist with recruitment is underway. The deadline for respondents and proposals from interested firms is July 24th. Based on a previously stated timetable, we are progressing to potentially complete the search process towards the end of the calendar year, or early-start of 2027.
- Participated with Retirement Benefits Branch (RBB) Manager Lori Kobayashi in the State's July Benefits Fair on Kauai last week and presented an "Update of ERS Pension/ERS Planning Basics" for attendees. This is an example of a program to foster broader ERS Outreach to our communities that ED Young would like to encourage and grow.
- As reported at previous meetings, the Vitech/V3locity migration project of the pension administration system continues to accelerate and has been re-named the ERS Modernization Project. The ED called an all-hands meeting late last month to more broadly communicate the direction and teams leading this project. Accelerating this project has meant that more varying staff participation or assignments have been required to advance the project. Without exception, ED Young can attest that staff have responded and are actively moving towards advancing the project.
    - The former DED was the executive sponsor of the project and with the DED's departure, the executive sponsor responsibilities has been moved to CCO Kona Mann.
- The annual State Department of Budget & Finance Incentive and Service Awards Program will be held on July 31st. This year, honorees from the ERS include:
    - Jie Egusa, Lori Kim, and Geoffrey Oshiro – 10 years.
    - Weylin Agpaoa, Katherine Dacquel, and Ross Murasaki – 20 years.
    - Varden Lee from RBB and Masayo Zabinski from Accounting - ERS nominees for Employees of the Year.

  ED Young thanked all of the honorees for their career service and accomplishments to the State and ERS.

DEPUTY EXECUTIVE DIRECTOR'S REPORT ON THE OPERATIONS OF THE SYSTEM WITH RESPECT TO ISSUES AFFECTING MEMBER SERVICE,

Interim Deputy Executive Director (IDED) Wesley Machida thanked the Board and ERS management for welcoming him back to ERS. IDED Machida shared with the Board that one of his goals while he is here is to staff the current 28 ERS vacancies by reviewing and improving the recruitment process to be more efficient.

ACCOUNTING, AND INFORMATION SYSTEMS

IDED Machida presented an oral and written report to the Board on the June 2026 Monthly Operations Report and highlighted:

- Regarding the status of staffing, with the assistance of Darcie Mayeshiro of Budget & Finance, Administrative & Research Office (ARO) Human Resources Officer, ERS has been able to move actions of 8-9 vacancies as some positions have been vacant for 3-4 years. Two key vacant positions within RBB and Information Systems Branch, one position has been filled and the other is awaiting ARO clearance to present a conditional offer to a selected applicant. The remaining highlighted listed positions are moving through the recruitment process and are anticipated to be filled within the next month or so.
- Regarding the status of RBB Activities, most of the activities have met the 100% standard percentage, however, the goal is for all activities to meet 100%. The primary goal is to staff all the vacant positions and ensure that the quality of the recruited staff are able to fulfill the actions.
  Chair Barfield requested if the report summarizes key priority activities identified and if it might need any modifications? RBB Manager Lori Kobayashi suggested revising the report to accurately reflect data. DED Machida suggested adding as an activity to this report, the Finalization of Benefits, to include Temporary Hazard Pay adjustments. A reformatted report will be provided at the next Board meeting.
- Regarding Staff Support Services (SSS) Branch document scanning backlog, Vice Chair Ley suggested Hele Imua Internship Program paid for by the Department of Labor and Industrial Relations. This 12-week internship provides eligible candidates such as high school and college graduates who need work experience to meet position requirements and provides exposure to state government positions that may transition into gainful employment. DED Machida will look into the Program and also mentioned that some of the equipment SSS is using, such as the folding machine, will need to be updated and replaced.

(Trustee Seth Colby entered the meeting at 9:22 a.m.)

RETIREMENT BENEFITS BRANCH REPORT ON GENERAL DUTIES, CURRENT AND FUTURE PROJECTS, GOALS, AND ACHIEVEMENTS

RBB Manager Lori Kobayashi gave an oral and written report to the Board on a brief overview of the services RBB provides and discussed:

- Overview
- Core Activities
- RBB Staffing
- Challenges
- 2025 Accomplishments
- 2026 Upcoming Projects

UPDATE OF 2026 BOARD OF TRUSTEES ELECTION OF OFFICERS AND COMMITTEE ASSIGNMENTS

Chair Barfield discussed with the Board the 2026 Board of Trustees Election of Officers and Committee Assignments noting the departure of Trustee Bennett Yap and addition of Trustee Amanda Lowrey. Chair Barfield also noted that the Governance Policy Committee, as well as all committees, can have no more than four (4) members due to quorum similarly of a Board meeting. Chair Barfield discussed the following changes to the Committees: Governance Policy Committee – remove Trustee Catherine Chan (Legislative Committee Chair), Investment Committee – replace Trustee Genevieve Ley with Trustee Amanda Lowrey, and Legislative Committee – replace Trustee Emmit Kane with Trustee Amanda Lowrey noting that a new Vice Chair will have to be elected. (A revised 2026 Officers and Committee Assignments with the noted changes is attached to these minutes for clarification.)

REPORT OF ACTIVITY OF THE ADMINISTRATIVE & AUDIT COMMITTEE

Administrative & Audit Committee (Committee) Chair Louie reported to the Board that the Committee last met on July 8, 2026, and discussed the following agenda items:

UPDATE ON TRUSTEE ELECTION FOR THE GENERAL EMPLOYEE-TRUSTEE VACANCY

ED Young updated the Board on the Trustee Election for the General Employee Trustee Vacancy stating that this agenda item has been discussed by Chair Barfield at the start of the meeting and as an update to the 2026 Board of Trustees Election of Officers and Committee Assignments, and by ED Young in his update report.

PRELIMINARY ANNUAL ACTUARIAL VALUATION REPORT BY GABRIEL ROEDER SMITH & COMPANY FOR THE YEAR ENDING JUNE 30, 2026

Gabriel Roeder Smith & Company (GRS), Messrs. Joe Newton and Lewis Ward presented an oral and written report to the Board on the Preliminary Annual Actuarial Valuation Report for the Year Ending June 30, 2026, and discussed:

Legislation – Act 134 (SLH 2026 – SB 3096)

- Act 134 (SLH 2026 – SB 3096 SD1 HD1 CD1)
  - Increases the employer contribution rate on behalf of police and fire employees to 44% of payroll beginning July 1, 2027.
  - Impact of these contribution rate increases will be reflected in the June 30, 2026, actuarial valuation.
- The increased contribution rate for Police and Fire is expected to shorten the amortization period as of June 30, 2026, for that group from 23 years to 20 years.
  - This is expected to produce approximately $590 million in contribution savings over the 23-year period.

Projected 2026 Actuarial Valuation Results

Projection of Funding Period from 2016 Legislative Impact Statement vs Actual Valuation Outcomes

Actual vs Projected UAAL

Funding Period

Comparison of 7% and 6% Future Actual Returns

Summary

- The funded ratio is projected to increase and the funding period is projected to decrease by 2 years.
- The System has entered positive amortization (UAAL is now expected to decrease each year).
- These results reflect $32.5 million in FY 2026 contributions on Temporary Hazardous Duty payments included in the June 30, 2025, actuarial valuation.
- Additional liabilities related to Temporary Hazardous Duty payments due to recalculated retirement benefits will be reflected when they are known.
- The disciplined commitment to follow the contribution schedule from Act 17 (SLH 2017) continues the process of strengthening the financial outlook for ERS. It is imperative that current contribution levels remain in place throughout the amortization period.

On a motion made by Committee Chair Louie, seconded by Vice Chair Ley, and unanimously carried the Board approved, as recommended by the Committee, the Preliminary Annual Actuarial Valuation Report for the Year Ending June 30, 2026, as presented.

After their presentation, Messrs. Newton and Ward left the meeting by ending their teleconference.

INTERNAL AUDIT UPDATE REPORT BY KMH LLP ON THE CURRENT STATUS OF ACTIVITIES COMPLETED DURING Q1 AND Q2 2026,

KMH LLP's (KMH) Tyson Suehiro and RSM US LLP's Ty Smith joined the meeting by teleconference and presented an oral and written report to the Board on KMH LLP's Current Status of Activities Completed During Q1 and Q2 2026, and an Update on the Completion Status of Management Action Plans for Past

AND AN UPDATE ON THE COMPLETION STATUS OF MANAGEMENT ACTION PLANS FOR PAST NON-INFORMATION TECHNOLOGY INTERNAL AUDIT OBSERVATIONS AND RECOMMENDATIONS

Non-Information Technology Internal Audit Observations and Recommendations, and discussed in summary:

EXECUTIVE SUMMARY
Administrative and Other Matters
Status on Current Projects:

- Contracting & Procurement Review
- Benefit Claims & Refund and Retiree Overpayments Processing Review
- Virtual Information Security Officer (vISO) Initiative
- Optro (GRC Tool) Management Training

Internal Audit Findings Remediation Status (Non-IT)

KMH's Mr. Suehiro noted to the Board that at the Committee meeting in Executive Session, KMH expressed their concerns in increased delays and lack of ERS' ability to meet certain Internal Audit requests. This will also be discussed in detail in Executive Session.

KMH's Mr. Suehiro also noted to the Board that with regard to Non-IT Internal Audit findings, reporting will be at a sub-task level instead of individual findings to be able to provide better clarity and transparency for management, Committee, and the Board.

KMH's Mr. Suehiro also noted to the Board that the Committee requested improvements to the Management Action Dashboard reporting, specifically adding a report date column containing the original date in which internal audit reports are issued, for a historical lookback.

On a motion made by Committee Chair Louie, seconded by Vice Chair Ley, and unanimously carried the Board approved, as recommended by the Committee, the Internal Audit Update Report on the Current Status of Activities Completed During Q1 and Q2 2026, and an Update on the Completion Status of Management Action Plans for Past Non-Information Technology Internal Audit Observations and Recommendations, as presented.

COMPLIANCE SUPPORT STAFF REPORT AND UPDATE ON IMPLEMENTATION OF ERS' COMPLIANCE PROGRAM ON RISK ASSESSMENT, POLICIES & PROCEDURES, AND THIRD-PARTY RISK MANAGEMENT

Chief Compliance Officer (CCO) Kona Mann presented an oral and written report to the Board on the Compliance Support Staff Report and Update on Implementation of ERS' Compliance Program on Risk Assessment, Policies & Procedures, and Third-Party Risk Management and discussed in summary:

EXECUTIVE SUMMARY
Key Highlights

This Update Report was provided for the Board's information, and no action was required.

REPORT OF ACTIVITY BY THE HUMAN RESOURCES COMMITTEE

Human Resources Committee (Committee) Chair Ley reported to the Board that the Committee last met on June 17, 2026, and discussed the following agenda items:

REVIEW THE ACTIVITIES AND TIMELINE OF THE HUMAN RESOURCES COMMITTEE

Committee Chair Ley shared with the Board that the Committee's next meeting will be in August to discuss Succession Plans for several ERS management positions.

DISCUSS PLANS TO IMPLEMENT ACT 149, SESSION LAWS OF HAWAII 2026 (SB 3097, SD1, HD1, CD1), "RELATING TO THE

Committee Chair Ley also shared with the Board that the Committee discussed Plans to Implement Act 149, Session Laws of Hawaii 2026 (SB 3097, SD1, HD, CD1), "Relating to the Exemption from Civil Service of Executive Personnel of the Employees' Retirement System," as it pertains to the Deputy Executive

EXEMPTION FROM CIVIL SERVICE OF EXECUTIVE PERSONNEL OF THE EMPLOYEES' RETIREMENT SYSTEM," AS IT PERTAINS TO THE DEPUTY EXECUTIVE DIRECTOR, CHIEF COMPLIANCE OFFICER, AND INFORMATON SECURITY OFFICER POSITIONS	Director, Chief Compliance Officer, and Information Security Officer Positions. Committee Chair Ley noted that this update was discussed earlier by ED Young in his update report.
DISCUSS THE RECENT DEPARTURE OF THE EMPLOYEES' RETIREMENT SYSTEM'S DEPUTY EXECUTIVE DIRECTOR, RECRUITMENT PROCESS OF A NEW DEPUTY EXECUTIVE DIRECTOR, AND THE ANNOUNCEMENT OF AN INTERIM DEPUTY EXECUTIVE DIRECTOR WESLEY MACHIDA	Committee Chair Ley also shared with the Board that the Committee discussed the Recent Departure of the Employees' Retirement System's Deputy Executive Director, Recruitment Process of a New Deputy Executive Director, and the Announcement of an Interim Deputy Executive Director Wesley Machida. Committee Chair Ley also noted that this update was also discussed earlier by ED Young in his update report.
DISCUSS UPDATE OF THE RECRUITMENT PROCESS OF THE VACANT EMPLOYEES' RETIREMENT SYSTEM'S CHIEF INVESTMENT OFFICER	Committee Chair Ley also shared with the Board that the Committee discussed the Update of the Recruitment Process of the Vacant Employees' Retirement System's Chief Investment Officer. Committee Chair Ley also noted that this update was also discussed earlier by ED Young in his update report.
DISCUSS PROPOSED PLAN TO THE EXEMPTION FROM CIVIL SERVICE OF THE EMPLOYEES' RETIREMENT SYSTEM'S INFORMATION TECHNOLOGY BAND D POSITION (INFORMATION SYSTEMS BRANCH CHIEF)	Committee Chair Ley also shared with the Board that the Committee discussed the Proposed Plan to the Exemption from Civil Service of the Employees' Retirement System's Information Technology Band D Position (Information Systems Branch Chief). ED Young noted that the Committee requested proposed legislation exempting the Information Technology Band D position from civil service, as similarly written for the Deputy Executive Director and Chief Compliance Officer, to be presented for the 2027 Legislative session. ED Young further noted that the position will be vacant in March 2027, and that this item be brought before the Legislative Committee at its next meeting.
RECESS	Chair Barfield called for a recess at 10:25 a.m.
RECONVENE	A quorum being present (Chair Barfield, Vice Chair Ley, Trustees Chan, Colby, Louie, and Lowrey). Chair Barfield reconvened the meeting at 10:35 a.m.
PUBLIC COMMENT	Chair Barfield again called for public comment. There were no public comments from public members attending.
REPORT OF ACTIVITY BY THE INVESTMENT COMMITTEE	In the absence of Investment Committee (Committee) Chair Kane and Vice Chair Blakeney, Board Chair Barfield reported to the Board that the Committee last met on May 26, 2026, and discussed Updates of the following items:
TOTAL FUND PERFORMANCE REVIEW FOR PERIOD ENDING MARCH 31, 2026	Interim Chief Investment Officer (ICIO) Anthony Goo presented an oral report of Meketa Investment Group Inc.'s (Meketa) written report to the Board, on the Total Fund Performance Review for Period Ending March 31, 2026, and highlighted: INTRODUCTION *Portfolio Valuation* *ERS Total Fund Relative Performance*

TOTAL FUND PERFORMANCE REVIEW FOR PERIOD ENDING MARCH 31, 2026 (CONT'D)

Asset Allocation vs. Target
Annualized Return vs. Annualized Standard Deviation and Annualized Risk - Return

- 3-Years Ending and 5-Years Ending, March 31, 2026

ERS PORTFOLIO REVIEW
Performance Attribution vs. Policy Benchmarks

- 1 Year Ending March 31, 2026

Asset Class Performance Summary

This report was provided for the Board's information, and no action was required.

2026 ASSET LIABILITY STUDY EDUCATION: CAPITAL MARKET ASSUMPTIONS

Meketa's Colin Bebee attended the meeting by teleconference and presented an oral and written report to the Board, on the 2026 Asset Liability Study Education (Part 1): Capital Market Assumptions, and highlighted:

GOALS OF TODAY
Asset-Liability Study Timeline

- Meketa and ERS staff expect to conclude the Asset-Liability Study at the 2026 HERS Summit

ASSET-LIABILITY STUDY PROCESS – OVERVIEW
Approach to Asset-Liability Studies

- Asset-liability studies are the intersection of asset and liability projections.
- The actuarial value of assets (AVA) and actuarial accrued liability (AAL) change from one year to the next in a formulaic fashion.

Example Asset-Liability Output

- Individual simulations that explore major asset-liability metrics (e.g., funded ratio) are combined into corridors of percentiles.
- Discussions shift to focus on probabilities/groupings rather than point estimates.

CAPITAL MARKET ASSUMPTIONS
Setting Capital Market Assumptions (CMA)

- CMAs are the inputs needed to calculate a portfolio's expected return, volatility, and relationships (i.e., correlations) to the broader markets.
- Consultants (including Meketa) generally set their CMAs once per year.
- This process involves setting long-term expectations for a variety of asset class/strategy attributes.
- Meketa's process relies on both quantitative methodologies.
- We do not assume any "alpha generation", and all assumptions are inclusive of estimated fees.

HIERS Classes and Respective Expected Returns
HIERS Classes and Respective Volatilities

This report was provided for the Board's information, and no action was required.

2026 ASSET LIABILITY STUDY EDUCATION: RISK & IMPLEMENTATION SURVEY

ICIO Goo and Meketa's Mr. Bebee presented an oral and written report to the Board on the 2026 Asset-Liability Study Education: Risk & Implementation Survey (Results), and highlighted:

INTRODUCTION
Survey Overview
Purpose

2026 ASSET LIABILITY STUDY EDUCATION: RISK & IMPLEMENTATION SURVEY (CONT'D)

Key Themes to Watch
How to Read the Presentation

KEY TAKEAWAYS
Comments and Areas of Focus

- Both groups are critically focused on improving the funded ratio over both the medium- and long-term; this is a critical objective.
- No respondent from either group favors reducing portfolio risk; it is largely a decision about keeping risk the same or increasing. Further dialogue should help clarify how "risk" is viewed by both parties.
- It will be important to examine probabilities of experiencing downside scenarios (for investment returns and funded status) and their corresponding impacts (e.g., liquidity, contributors, etc.).
    - Certain viewpoints on downside funded ratio thresholds may be unrealistic if the global capital markets were to experience significantly deteriorating economic conditions.
- Provide further education on the Diversifying Strategies class and its existing/future components.

This report was provided for the Board's information, and no action was required.

ROTATING ALTERNATIVE ASSET CLASS REVIEW: PRIVATE EQUITY ANNUAL REVIEW FOR PERIOD ENDING DECEMBER 31, 2025

ICIO Goo presented an oral and written report to the Board on the Rotating Alternative Asset Class Review: Private Equity Annual Review for Period Ending December 31, 2025, and highlighted:

PRIVATE EQUITY STRATEGIC SUMMARY
Market Value

- $380 million net capital appreciation over the 1-year period

Asset Allocation

- Allocation in line with strategic targets

Long-Term Appreciation

- Consistent delivery of long-term returns

Absolute Return vs. Peers & Benchmarks

- Long-term returns meeting/exceeding benchmarks

Liquidity Management

- Distributions exceeded contributions

This report was provided for the Board's information, and no action was required.

REVIEW AND APPROVE INVESTMENT RISK MANAGEMENT POLICY

Investment Officer – Risk (IO-Risk) Lynn Kamimoto presented a written report to the Board on the Investment Risk Management Policy, and requested the Board approve the Investment Risk Management Policy as presented.

On a motion made by Trustee Colby, seconded by Vice Chair Ley, and unanimously carried, the Board approved the Investment Risk Management Policy as presented.

APPROVAL OF MINUTES
– MAY 7, 2026
– JUNE 1, 2026

On a motion made by Trustee Lowrey, seconded by Trustee Louie, and unanimously carried, the Board approved the Minutes of the May 7, 2026, and June 1, 2026, meetings as presented.

APPROVAL OF EXECUTIVE SESSION MINUTES
– MAY 7, 2026
– JUNE 1, 2026

On a motion made by Trustee Lowrey, seconded by Trustee Louie, and unanimously carried, the Board approved the Executive Session Minutes of the May 7, 2026, and June 1, 2026, meetings as presented.

APPROVAL OF CONFIDENTIAL EXECUTIVE SESSION MINUTES – MAY 7, 2026

On a motion made by Trustee Lowrey, seconded by Trustee Louie, and unanimously carried, the Board approved the Confidential Executive Session Minutes of the May 7, 2026, meeting as presented.

PUBLIC COMMENT

Chair Barfield again called for public comment. There were no public comments from public members attending.

Chair Barfield identified all the participants in Executive Session, the Board, staff members, Deputy Attorneys General (DAG) are identified with an asterisk on these minutes and listed on the Executive Session Minutes.

Chair Barfield provided the reason to enter into Executive Session:

> Executive Session, pursuant to HRS §92-5(a)(4), (6) and (8), to consider and consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities, and to consider sensitive matters related to Cyber Security that involves Information Security, Technology Risk Management, and the protection of Employees' Retirement System Information Assets; related to Internal Audit Resource Reallocation; related to Risk Dashboard that involves Cyber Security, Information Security, Technology Risk Management, Security Vulnerabilities, and related Mitigation Activities; with respect to a potential compromise and settlement, and a compromise and settlement both pursuant to HRS §88-106.5, and appropriate action regarding a matter that requires the consideration of information that must be kept confidential pursuant to Hawaii State Constitution, Article 1, Section 6; and three cases with respect to litigation regarding Allan Zachary, SCWC-23-0000326, Robert G. Gomes, Jr., SCWC-23-0000498, and Linda S. Martell, SCWC-22-0000545.

ENTER EXECUTIVE SESSION

On a motion made by Vice Chair Ley, seconded by Trustee Lowrey, and unanimously carried, the Board entered into Executive Session at 11:33 a.m.

(Public participation was paused as Executive Session was conducted in a separate virtual room.)

All Executive Session attendees participating by teleconference affirmed that no other persons were in their rooms or able to listen in on their audio or audiovisual connection. Recording Secretary Dale Kehau Kanae confirmed that no unauthorized persons were in the conference room or able to listen in via audio or audiovisual connection while on the teleconference.

EXECUTIVE SESSION

- Pursuant to HRS §92-5(a)(4) and (6), to consider and consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities, and to consider sensitive matters related to Cyber Security that involves Information Security, Technology Risk Management, and the protection of Employees' Retirement System Information Assets.
- Pursuant to HRS §92-5(a)(4) and (6), to consider and consult with the Internal Auditors and the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities, and to consider sensitive matters related to the Internal Audit Resource Reallocation.
- Pursuant to HRS §92-5(a)(4) and (6), to consider and consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities, and to consider sensitive matters related to the Risk Dashboard that involves Cyber Security, Information Security, Technology Risk Management, Security Vulnerabilities, and related Mitigation Activities.
- Pursuant to HRS §92-5(a)(4) and (8), to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, and privileges, immunities, and liabilities with respect to a potential compromise and settlement pursuant to HRS §88-106.5; and appropriate action regarding a matter that requires the consideration of

information that must be kept confidential pursuant to Hawaii State Constitution, Article 1, Section 6.

- Pursuant to HRS §92-5(a)(4), to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities, with respect to litigation regarding Allan Zachary, SCWC-23-0000326.
- Pursuant to HRS §92-5(a)(4), to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities, with respect to litigation regarding Robert G. Gomes, Jr., SCWC-23-0000498L.
- Pursuant to HRS §92-5 (a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, and privileges, immunities, and liabilities with respect to litigation regarding Linda S. Martell, SCWC-22-0000545.
- Pursuant to HRS §92-5 (a)(4) and (8), to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, and privileges, immunities, and liabilities with respect to a compromise and settlement pursuant to HRS §88-106.5; and appropriate action regarding a matter that requires the consideration of information that must be kept confidential pursuant to Hawaii State Constitution, Article 1, Section 6.

EXECUTIVE SESSION, PURSUANT TO HRS §92-5(a)(4) AND (6), TO CONSIDER AND CONSULT WITH THE BOARD'S ATTORNEYS ON QUESTIONS AND ISSUES PERTAINING TO THE BOARD'S POWERS, DUTIES, PRIVILEGES, IMMUNITIES, AND LIABILITIES, AND TO CONSIDER SENSITIVE MATTERS RELATED TO CYBER SECURITY THAT INVOLVES INFORMATION SECURITY, TECHNOLOGY RISK MANAGEMENT, AND THE PROTECTION OF EMPLOYEES' RETIREMENT SYSTEM INFORMATION ASSETS

EXECUTIVE SESSION, PURSUANT TO HRS §92-5(a)(4) AND (6), TO CONSIDER AND CONSULT WITH THE INTERNAL AUDITORS AND THE BOARD'S ATTORNEYS ON QUESTIONS AND ISSUES PERTAINING TO THE BOARD'S POWERS, DUTIES, PRIVILEGES, IMMUNITIES, AND LIABILITIES, AND TO CONSIDER SENSITIVE MATTERS RELATED TO THE INTERNAL AUDIT RESOURCE REALLOCATION

EXECUTIVE SESSION, PURSUANT TO HRS §92-5(a)(4) AND (6), TO CONSIDER AND CONSULT WITH THE BOARD'S ATTORNEYS ON QUESTIONS AND ISSUES PERTAINING TO THE BOARD'S POWERS, DUTIES, PRIVILEGES, IMMUNITIES, AND LIABILITIES, AND TO CONSIDER SENSITIVE MATTERS RELATED TO THE RISK DASHBOARD THAT INVOLVES CYBER SECURITY, INFORMATION SECURITY, TECHNOLOGY RISK MANAGEMENT, SECURITY VULNERABILITIES, AND RELATED MITIGATION ACTIVITIES

EXECUTIVE SESSION, PURSUANT TO HRS §92-5(a)(4) AND (8), TO CONSULT WITH THE BOARD'S ATTORNEYS ON QUESTIONS AND ISSUES PERTAINING TO THE BOARD'S POWERS, DUTIES, AND PRIVILEGES, IMMUNITIES, AND LIABILITIES WITH RESPECT TO A POTENTIAL COMPROMISE AND SETTLEMENT PURSUANT TO HRS §88-106.5; AND APPROPRIATE ACTION REGARDING A MATTER THAT REQUIRES THE CONSIDERATION OF INFORMATION THAT MUST BE KEPT CONFIDENTIAL PURSUANT TO HAWAII STATE CONSTITUTION, ARTICLE 1, SECTION 6

EXECUTIVE SESSION, PURSUANT TO HRS §92-5(a)(4), TO CONSULT WITH THE BOARD'S ATTORNEYS ON QUESTIONS AND ISSUES PERTAINING TO THE BOARD'S POWERS, DUTIES, PRIVILEGES, IMMUNITIES, AND LIABILITIES, WITH RESPECT TO LITIGATION REGARDING ALLAN ZACHARY, SCWC-23-0000326

EXECUTIVE SESSION, PURSUANT TO HRS §92-5(a)(4), TO CONSULT WITH THE BOARD'S ATTORNEYS ON QUESTIONS AND ISSUES PERTAINING TO THE BOARD'S POWERS, DUTIES, PRIVILEGES, IMMUNITIES, AND LIABILITIES, WITH RESPECT TO LITIGATION REGARDING ROBERT G. GOMES, JR., SCWC-23-0000498

EXECUTIVE SESSION, PURSUANT TO HRS §92-5 (a)(4) TO CONSULT WITH THE BOARD'S ATTORNEYS ON QUESTIONS AND ISSUES PERTAINING TO THE BOARD'S POWERS, DUTIES, AND PRIVILEGES, IMMUNITIES, AND LIABILITIES WITH RESPECT TO LITIGATION REGARDING LINDA S. MARTELL, SCWC-22-0000545

EXECUTIVE SESSION, PURSUANT TO HRS §92-5 (a)(4) AND (8), TO CONSULT WITH THE BOARD'S ATTORNEYS ON QUESTIONS AND ISSUES PERTAINING TO THE BOARD'S POWERS, DUTIES, AND PRIVILEGES, IMMUNITIES, AND LIABILITIES WITH RESPECT TO A COMPROMISE AND

SETTLEMENT PURSUANT TO HRS §88-106.5; AND APPROPRIATE ACTION REGARDING A MATTER THAT REQUIRES THE CONSIDERATION OF INFORMATION THAT MUST BE KEPT CONFIDENTIAL PURSUANT TO HAWAII STATE CONSTITUTION, ARTICLE 1, SECTION 6

EXIT EXECUTIVE SESSION

On a motion made by Trustee Louie, seconded by Vice Chair Ley, and unanimously carried, the Board exited Executive Session at 12:26 p.m.

Chair Barfield announced that while in Executive Session, the Board consulted with its attorneys with respect to sensitive matters related to Cyber Security, the Board also consulted with the Internal Auditors and its attorneys with respect to sensitive matters related to the Internal Audit Resource Reallocation, and the Board consulted with its attorneys with respect to sensitive matters related to the Risk Dashboard, the Board consulted with its attorneys with respect to a potential compromise and settlement and a compromise and settlement both pursuant to HRS §88-106.5, and appropriate action regarding matters that require the consideration of information that must be kept confidential pursuant to Hawaii State Constitution, Article 1, Section 6, and the Board consulted with its attorneys with respect to three litigation cases regarding Allan Zachary, SCWC-23-0000326, Robert G. Gomes, Jr., SCWC-23-0000498, and Linda S. Martell, SCWC-22-0000545.

Chair Barfield also announced that in Executive Session regarding litigation, the Board agreed to retain outside counsel for Robert G. Gomes, Jr., SCWS-23-0000498.

On a motion made by Trustee Lowrey, seconded by Vice Chair Ley, and unanimously carried, the Board approved the retention of a Special Deputy Attorney General to represent the ERS in SCWC-23-0000498.

ADJOURNMENT

On a motion made by Trustee Colby, seconded by Vice Chair Ley, and unanimously carried, Chair Barfield adjourned the meeting at 12:31 p.m.

REDACTED SIGNATURE

Kalbert Young
Executive Director

dkik

2026
BOARD OF TRUSTEES OF THE EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF HAWAII

OFFICERS & COMMITTEE ASSIGNMENTS

BOARD MEMBERS
Vincent (Vince) Barfield, Chair
Genevieve (Genny) Gines Ley, Vice Chair
Darlene Blakeney
Catherine Chan
Seth Colby
Emmit Kane
David Louie
Amanda Lowrey

GOVERNANCE POLICY COMMITTEE*
Vincent (Vince) Barfield, Chair
(Board)
Genevieve (Genny) Gines Ley, Vice Chair
(Board and Human Resources Committee Chair)
David Louie
(Administrative & Audit Committee Chair)
Emmit Kane
(Investment Committee Chair)

ADMINISTRATIVE & AUDIT COMMITTEE (2/11/26)
David Louie, Chair
Seth Colby, Vice Chair
Vincent (Vince) Barfield
Darlene Blakeney

HUMAN RESOURCES COMMITTEE (2/18/26)
Genevieve (Genny) Gines Ley, Chair
Catherine Chan, Vice Chair
Vincent (Vince) Barfield
Emmit Kane

INVESTMENT COMMITTEE (2/17/26)
Emmit Kane, Chair
Darlene Blakeney, Vice Chair
David Louie
Amanda Lowrey

LEGISLATIVE COMMITTEE (2/26/26, 9/2/26)
Catherine Chan, Chair
Amanda Lowrey, Vice Chair
Vincent (Vince) Barfield
Seth Colby

*Committee suspended, however, can meet on an as-needed basis (approved by Board as of Mar 11, 2024).

Noted dates are when Committee Chairs and Vice Chairs were elected.

Accepted by Board: Mar 9, 2026, July 13, 2026, Sep 14, 2026
Revised: Sep 14, 2026